RESEARCH REPORT

Healthy School Meals for All in Colorado

Policy Options and Stakeholder Input for a Sustainable Program

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Executive Summary

Colorado's statewide Healthy School Meals for All Program provides reimbursement for students' free school meals (breakfast and lunch), regardless of economic background, and provides funding for other programs supporting farm to school systems and school food service workers. This executive summary highlights the Technical Advisory Group's work to outline policy options to make Healthy School Meals for All more sustainable.

Process

What is the Technical Advisory Group (TAG)? The TAG was convened by the Colorado Department of Education (CDE) and administered by the Urban Institute to determine policy options that can make Healthy School Meals for All (HSMA) more sustainable. It included representatives from school districts, the Office of State Planning and Budgeting (OSPB), and the Colorado Department of Agriculture and received technical assistance from the Joint Budget Committee (JBC) and Legislative Council Staff (LCS). Expenditure modeling for the group was conducted by Bright Fox Analytics. The TAG convened eight times from July through October to develop the stakeholder engagement plan, review district-level feedback, assess fiscal impacts, and compile policy considerations.

How did stakeholders contribute? The Urban Institute led a two-stage public engagement strategy; both phases included key stakeholder focus groups and open, online public feedback. CDE and the TAG identified key stakeholders from various groups, including school and school food administrators, families, students, and advocacy organizations. The first phase gathered themes most crucial for legislators to consider, presented the original cost-cutting options developed by CDE and presented to the JBC by JBC staff, elicited new potential policy options to make HSMA more sustainable, and sought input on Coloradans' experiences with the program. The second phase presented all available policy options to stakeholders, including information about how the policy considerations aligned to stakeholders' suggested priorities, the estimated revenue and expenditure impact of each option (where available), the contextual factors about future sustainability, and asked stakeholders to prioritize the options.

What modeling occurred? CDE and Bright Fox Analytics, along with support from LCS and OSPB, modeled various scenarios for potential revenues and expenditures, assessing 27 policy options

developed from stakeholder feedback. Scenarios ranged from "easy" to "hard" based on possible changes in federal tax deductions, changes to the economy, such as a recession, and student participation changes.

Were other HSMA states consulted? Urban conducted research to see what lessons could be learned from other states that have implemented universal free meal programs. The team conducted desk research on the seven other states with universal free meal programs and analyzed legislative, budget, and school nutrition documents from California, Maine, Massachusetts, Michigan, Minnesota, New Mexico, and Vermont and conducted interviews with officials from five of these states to learn about program sustainability, maximizing federal funding, and measuring success.

Background

What is Healthy School Meals for All? HSMA—and its dedicated funding source—were approved in November 2022 when voters adopted Proposition FF. The universal free meals component of the program began in school year (SY) 2023–24, and the local food purchasing grant, local food technical assistance grant and wage distributions were set to begin in SY 2024-25. In the first year of HSMA, Colorado saw almost 101 million meals served to students across the state. In total, 190 school food authorities (SFAs) participated in HSMA, resulting in a 32 percent increase in student participation (37 percent increase in breakfast, 30 percent increase in lunch) compared to the previous year. The increase in participation was far higher than originally estimated, and by spring 2024, the program's expenditures were projected to exceed available revenue.

What is HB24-1390? In spring 2024, in response to growing pressure on the HSMA cash fund, the JBC recommended, and the General Assembly adopted, HB24-1390, which included several cost-containment measures, including the delay of local food grants and wage distributions based on available appropriations. It also created the TAG to convene stakeholders and develop options to balance revenue with expenditures for the General Assembly to consider during the 2025 session.

How much is the estimated shortfall? The TAG and its technical consultants estimated the difference between forecasted Proposition FF revenues and estimated HSMA expenditures for the current school year and two future school years. The gap between revenues and expenditures will continue to evolve as new data become available.

Table ES.1 shows the revenue projections for the program as of September 2024 with expenditure projections modeled under different student participation increases. **Expenditure estimates here and**

throughout the report do not include the costs to implement the delayed grant programs and staffing costs associated with HSMA (an estimated cost of more than $32 million annually[1]), as they are dependent on available appropriations. They also do not include additional amounts needed to create a reserve to sustain the program in case of a recession or other unexpected changes (a goal of 40 percent of one-year of expenditures). Tables ES.2, ES.3, and ES.4 show revenues and expenditures under easy, medium, and hard scenarios developed by the TAG. These scenarios were used to illustrate the range of revenue and expenditures possibilities based on anticipated changes to federal tax policy, potential changes in the economy, and increased student participation estimates. A high-level summary of the scenarios is:

- Easy
  - The federal Tax Cuts and Jobs Act (TCJA) is extended past its planned expiration date of January 1, 2026.
  - The highest revenue estimate between LCS and OSPB is used.
  - The first year has a 5 percent increase in participation, followed by 4 percent and 3 percent in subsequent years.
- Medium
  - TCJA expires on January 1, 2026.
  - The lowest revenue estimate is used between LCS and OSPB.
  - The first year has a 10 percent increase in participation, followed by 4 percent and 3 percent in subsequent years.
- Hard
  - TCJA expires on January 1, 2026.
  - The lowest revenue estimate is used between LCS and OSPB.
  - The first year has a 20 percent increase in participation, followed by 4 percent and 3 percent in subsequent years.
  - The economy experiences a recession during this period.

TABLE ES.1

September 2024: Difference in Millions of Dollars between HSMA Revenues and Expenditures, FY 2024–25 through 2026–27

	Revenue Projections		Estimated Expenditures		
	LCS	*OSPB*	*Easy*	*Medium*	*Hard*
FY 2024–25	$131.5	$127.0	$112	$117	$127
FY 2025–26	$113.7	$119.8	$122	$128	$139
FY 2026–27	$86.6	$91.5	$130	$136	$148

Source: Revenue numbers from the September forecasts by Legislative Council Staff and Office of State Planning and Budgeting, and expenditure numbers from Bright Fox Analytics as of November 22, 2024.

Notes: Additional background and information describing the three scenarios can be found in the Revenue and Expenditure Estimates section.

TABLE ES.2

Easy Scenario: Difference in Millions of Dollars between HSMA Revenues and Expenditures, FY 2024–25 through 2026–27

	Revenues	Expenditures	Difference
FY 2024–25	$131.5	$112	$19.5
FY 2025–26	$141.2	$122	$19.2
FY 2026–27	$153.8	$130	$23.8

Source: Calculated by authors using estimates provided by Legislative Council Staff, Office of State Planning and Budgeting, and Bright Fox Analytics as of November 22, 2024.

Notes: Additional background and information describing the three scenarios can be found in the Revenue and Expenditure Estimates section. Under expenditures, participation growth assumptions for both free and paid meals are 5 percent in SY 2024–25, 4 percent in SY 2025–26, and 3 percent in 2026–27.

TABLE ES.3

Medium Scenario: Difference in Millions of Dollars between HSMA Revenues and Expenditures, FY 2024–25 through 2026–27

	Revenues	Expenditures	Difference
FY 2024–25	$127.2	$117	$10.2
FY 2025–26	$117.5	$128	-$10.5
FY 2026–27	$86.6	$136	-$49.4

Source: Calculated by authors using estimates provided by Legislative Council Staff, Office of State Planning and Budgeting, and Bright Fox Analytics as of November 22, 2024.

Notes: Additional background and information describing the three scenarios can be found in the Revenue and Expenditure Estimates section. Under expenditures, participation growth assumptions for both free and paid meals are 10 percent in SY 2024–25, 4 percent in SY 2025–26, and 3 percent in 2026–27.

TABLE ES.4

Hard Scenario: Difference in Millions of Dollars between HSMA Revenues and Expenditures, FY 2024–25 through 2026–27

	Revenues	Expenditures	Difference
FY 2024–25	$110.5	$127	-$16.5
FY 2025–26	$77.9	$139	-$61.1
FY 2026–27	$45.9	$148	-$102.1

Source: Calculated by authors using estimates provided by Legislative Council Staff, Office of State Planning and Budgeting, and Bright Fox Analytics as of November 22, 2024.

Notes: Additional background and information describing the three scenarios can be found in the Revenue and Expenditure Estimates section. Under expenditures, participation growth assumptions for both free and paid meals are 20 percent in SY 2024–25, 4 percent in SY 2025–26, and 3 percent in 2026–27.

Policy Options

What are the potential policy options? Stakeholders provided ideas for policy options to make HMSA more sustainable through robust stakeholder engagement. TAG and Urban then gathered stakeholder input on policy considerations regarding universality, fiscal sustainability, impact on students and families, state and district administrative feasibility, impact on school districts, research, and disparate rural and urban impacts. Where available data existed to support analysis, TAG and its technical advisers and consultants also modeled each policy option to determine its estimated impact on revenues or expenditures. The top-level overview of the resulting 27 policy options for policymakers to consider are sorted into three categories—revenue raising, alternative financing, and cost reducing—and more information about all options can be found in the report.

Stakeholders shared their perspectives, which included the following:

- HSMA’s universal meals should be maintained as originally legislated; it is too soon to cut a program that has just begun. In other words, stakeholders strongly oppose any policy options that cut or remove the universality of HSMA’s free meals.
- HSMA’s local food grant programs and staffing enhancements should be implemented in SY 2025–26, and the state should provide a guarantee for the local food grant program, so that farmers and local economies can plan for sustained participation.
- Preferences revolved around maintaining or increasing Proposition FF revenue. More specifically, stakeholders’ values most closely aligned with the following options:
  - Alternative Financing: Alter the Proposition FF language to remove the reference to the federal standard deduction and add personal exemptions. This would allow revenues to

support the program without the large decrease in revenues beginning tax year 2026, triggered by an anticipated change in the federal standard deduction (see page 108).[2]

- Alternative Financing: Alter HSMA legislation to allow the one-third of 1 percent of taxable income currently diverted to the state education fund to be maintained in the HSMA cash fund. This would increase revenue for the program (see page 101).
- Revenue Raising: Raise the amount of income tax revenue generated by modifying the Proposition FF deduction cap. This would increase the amount current taxpayers add back on their taxes for the program (see page 84).
- Revenue Raising: Raise the amount of income tax revenue generated by modifying the Proposition FF income eligibility threshold. This would increase the number of taxpayers who add back on their taxes to pay for the program (see page 86).

Tables ES.5, ES.6, and ES.7 below summarize the top-level policy considerations for each option from stakeholders and the TAG. They also include, where available, fiscal estimates about the change in expenditures or revenues. We simplify these numbers for the purpose of this summary and caution that they will vary based on the many scenarios and unknowns. Readers are encouraged to read more about each policy option in the full report.

Summary of Policy Considerations and Fiscal Estimates

COST-REDUCTION OPTIONS

These options reduce costs to the state, but stakeholders noted these options would shift the costs for schools or families to pay for meals instead. For all cost-reduction measures, students who are eligible for free meals through federal programs would still receive meals. Additionally, stakeholders noted the possibility that schools or districts would opt out of participating in HSMA if there are substantive changes to the program. Any changes in school or district-level participation in HSMA would shift projections for all expenditures and percentages of students served. Generally, stakeholders expressed strong opposition to cost-reduction measures.

TABLE ES.5

Cost-Reduction Options

Option	Estimated $ HSMA Cost Reduction (FY 2025–26, Across Three Scenarios)	Key Considerations/Limitations	Report Page #
Cost-Reducing Option 1: Remove free breakfast and provide free lunch only	$14.8 million (Easy) $15.5 million (Medium) $16.8 million (Hard)	This would result in direct, nonreimbursable costs for CEP schools, as they must still provide breakfast. Many schools must adopt CEP to participate in HSMA. Research shows breakfast can improve cognitive function and test scores and is highly correlated with improved attendance.	64
Cost-Reducing Option 2: Alter the program to provide free breakfast and lunch at elementary and middle schools only	$24.5 million (Easy) $25.6 million (Medium) $27.9 million (Hard)	This would result in direct, nonreimbursable costs for CEP high schools, as they must still provide free meals. Many schools and districts must adopt CEP to participate in HSMA. Stigma can be more prevalent in high schools. Implementing this option could be administratively difficult for K–12 and 6–12 schools.	67
Cost-Reducing Option 3: Alter the program to provide free breakfast and lunch to elementary and middle school students; provide only free lunch to high school students	$3.3 million (Easy) $3.4 million (Medium) $3.7 million (Hard)	This would result in direct, nonreimbursable costs for CEP high schools, as they must still provide breakfast. Many schools and districts must adopt CEP to receive HSMA. Research shows breakfast can improve cognitive function and test scores and is highly correlated with improved attendance. Stigma can be more prevalent in high schools. Implementing this option could be administratively difficult for K–12 and 6–12 schools.	70
Cost-Reducing Option 4: Cap the inflationary increase	$10.5 million (Easy) $11.1 million (Medium) $12.1 million (Hard) Note, these changes compound over time and depend on when a cap begins.	This would result in direct, nonreimbursable costs for schools to cover the difference between increasing costs and a flat reimbursement rate.	73

Option	Estimated $ HSMA Cost Reduction (FY 2025–26, Across Three Scenarios)	Key Considerations/Limitations	Report Page #
Cost-Reducing Option 5: Provide reduced-price (versus universally free) meals across the state	Estimated at $0.50/1.00/1.50 per meal $16.2/32.4/48.7 million (Easy) $17.0/34.0/51.0 million (Medium) $18.5/37.0/55.5 million (Hard)	This options substantively changes the program from free meals to reduced-price meals and reintroduces the price barrier for some students This increases the likelihood of schools accruing meal debt.	76
Cost-Reducing Option 6: Provide HSMA to CEP-eligible districts only	Estimated for CEP schools with ISP greater than 25% (current federal threshold)/greater than 40% $52.7/106.0 million (Easy) $57.3/111.5 million (Medium) $62.5/121.5 million (Hard)	This option substantively changes the program to serve students only in CEP-eligible districts. If > 25% ISP: 25% of Colorado students lose HSMA. If > 40% ISP: 60% of Colorado students lose HSMA.	77
Cost-Reducing Option 7: Provide HSMA to districts with a high threshold (at least 35 percent) of students eligible for federal free and reduced-price meals	$66.1 million (Easy) $69.2 million (Medium) $75.4 million (Hard)	This option substantively changes the program to serve students in only "high" need districts. 30% of Colorado students would lose HSMA. This option could create reserves for economic downturns or pay for the delayed grant and staffing programs.	79
Cost-Reducing Option 8: Provide HSMA to districts based on cost-of-living measures	Not modeled at this time	Cost-of-living is highly correlated with schools' free and reduced-price meal (FRPM) percentages, with random outliers. This could be used in combination with an FRPM-based cost-cutting measure if there are extra funds, to provide HSMA to districts with low FRPM but high cost-of-living.	81

Option	Estimated $ HSMA Cost Reduction (FY 2025–26, Across Three Scenarios)	Key Considerations/Limitations	Report Page #
Cost-Reducing Option 9: Create state poverty-level threshold for meals	Insufficient data to estimate	This substantively changes the program to be based on student need and removes the universality aspect of HSMA. This poverty threshold could be based on family income up to 250% of the federal poverty level. This option would reintroduce price barriers to meals and could make the stigma of school food more prevalent. This option would require significant time and money at the district and state level to collect data and transmit data.	82

Source: Authors' analysis using policy considerations and options from stakeholders and the TAG.

REVENUE-RAISING OPTIONS

Most of these options would require voter approval at the ballot, which would mean they would not change revenues until fiscal year (FY) 2026–27. Stakeholders generally favored revenue-raising scenarios over cost-reduction options, but they also expressed hesitancy because of the potential feasibility challenges with many of these options.

TABLE ES.6

Revenue-Raising Options

Option	Estimated $ HSMA Revenue Increase (FY 2026–27, Regardless of Scenario)	Key Considerations/Limitations	Report Page #
Revenue-Raising Option 1: Raise the amount of income tax revenue generated by modifying the Proposition FF deduction cap	*Estimated at $5k single, $10k joint* $141.6 million but $40.1 million with planned expiration of TCJA *Estimated at $3k single, $6k joint only if TCJA expires* $67.4 million with planned expiration of TCJA	This option needs voter approval and could not be implemented until FY 2026–27. This option is subject to changes in the federal tax code and is unpredictable, given the potential TCJA expiration. This revenue increase could be negatively affected by a recession. It increases taxes for some taxpayers. This option was one of the more favored by stakeholders.	84
Revenue-Raising Option 2: Raise the amount of income tax revenue generated by lowering the income eligibility threshold in Proposition FF	*Estimated at AGI $300k with deduction cap of $3k single and $6k joint and AGI $250k with deduction cap of $8k single and $16k joint* $99.4 million with planned expiration of TCJA	This option needs voter approval and could not be implemented until FY 2026–27. This option is subject to changes in the federal tax code and is unpredictable, given the potential TCJA expiration. It could be negatively affected by a recession. It increases taxes for some taxpayers. This option was one of the more favored by stakeholders. A slight alternative to this option would be a floating deduction cap, which would be administratively challenging to administer and forecast. This alternative was not modeled because of insufficient data.	86
Revenue-Raising Option 3: Add a flat tax in each tax bracket	Not modeled at this time; depends on tax rate	This option needs voter approval and could not be implemented until FY 2026–27. This option would require a constitutional amendment and would be a complete overhaul of existing tax rates. Because the tax would apply to all taxpayers, it could negatively affect low-income households that HSMA is aiming to serve. It could be negatively affected by a recession.	87

Option	Estimated $ HSMA Revenue Increase (FY 2026–27, Regardless of Scenario)	Key Considerations/Limitations	Report Page #
Revenue-Raising Option 4: Add a new tax on tourism, concerts, casinos, mushrooms, or sporting events	Not modeled at this time; depends on tax base and tax rate	This option needs voter approval and could not be implemented until FY 2026–27. Excise taxes are subject to "slippage," so the higher taxpayers get taxed, the more likely they are to change behavior and not purchase these items.	88
Revenue-Raising Option 5: Add a new, statewide tax on sweetened beverages	Not modeled at this time; depends on tax base and tax rate	This option needs voter approval and could not be implemented until FY 2026–27. Excise taxes are subject to "slippage," so the higher taxpayers get taxed, the more likely they are to change behavior and not purchase these items. This could result in health benefits for Coloradoans but is also considered a "regressive" tax.	90
Revenue-Raising Option 6: Add a new tax on corporations	Not modeled at this time; depends on tax base and tax rate	This option needs voter approval and could not be implemented until FY 2026–27. This option would require a constitutional amendment to the provision in TABOR that requires that all income (including individual and corporate income) must be taxed at a single rate.	91
Revenue-Raising Option 7: Engage businesses and families to provide donations or collect individual donations on Colorado tax forms	Insufficient data to estimate	This option would rely on districts' local resources and public generosity to provide for HSMA, making revenue unpredictable.	92
Revenue-Raising Option 8: Increase à la carte school food prices	Not modeled at this time	This option further differentiates between free and paid food which can contribute to the stigmatization of free school food. The à la carte options cannot be predictably budgeted for and are unlikely to generate sufficient revenue.	93
Revenue-Raising Option 9: Mill levy override specifically for HSMA	Not modeled at this time	This option needs local and state approval, including local voter approval. It would create a more severe patchwork of school district funding differences attributable to the ability to raise new funds. It could be used by individual districts but would not be a statewide solution.	94

Option	Estimated $ HSMA Revenue Increase (FY 2026–27, Regardless of Scenario)	Key Considerations/Limitations	Report Page #
Revenue-Raising Option 10: Debrucing state cash funds	Not modeled at this time	This option requires voter approval. Some similar measures were recently rejected by voters. It is dependent on having a TABOR surplus and cash funds growing faster than the TABOR surplus. This approach would free up state revenue under the TABOR limit and could cause HSMA to need to compete with other state programs for the newly available funds.	96

Source: Authors' analysis using policy considerations and options from stakeholders and the TAG.

ALTERNATIVE FINANCING OPTIONS

These options seek creative ways to pay for HSMA without raising taxes or cutting costs. Some of these options were favored by stakeholders because of alignment with the original HSMA goals, while others were not favored because of concerns about feasibility.

TABLE ES.7

Alternative Financing Options

Option	Estimated $ Change to HSMA Revenues (FY 2025–26, Regardless of Scenario)	Key Considerations/Limitations	Report Page #
Alternative Financing Option 1: Reclassify revenue under TABOR to free up state general funds and use the money to offset expenditures	Unknown addition to revenue. Some potential amount under $450 million could be added to revenue dependent on what revenue streams are reclassified.	This is likely an unstable and unpredictable mechanism because it requires revenue being above the TABOR cap, which is not consistent. This option might not be legally allowable, which creates further risk. There are trade-offs, meaning Colorado taxpayer refunds would likely be affected.	98

Option	Estimated $ Change to HSMA Revenues (FY 2025–26, Regardless of Scenario)	Key Considerations/Limitations	Report Page #
Alternative Financing Option 2: Consider HSMA expenditures as a TABOR refund mechanism	Unknown addition to revenue. It is tied to TABOR surplus, which could be $0 through FY 2027.	This is likely an unstable and unpredictable mechanism because it requires revenue being above the TABOR cap, which is not consistent. The state would have to demonstrate how HSMA expenditures fall within the legally defined refund options. There are trade-offs, meaning Colorado taxpayer refunds would likely be affected.	100
Alternative Financing Option 3: Automatically transfer the annual amount (one-third of 1 percent of taxable income) of the education fund revenue generated by Proposition FF that is transferred to the state education fund	$7.5 million in revenue increase.	This option is aligned with the intent of Proposition FF to fund HSMA. The state education fund is projected to have a deficit within the next two to three years without policy action. This option was favored by stakeholders.	101
Alternative Financing Option 4: Use the state education fund to cover HSMA shortfalls	Unknown addition to revenue. Some potential amount could be used to backfill HSMA funding gap. Note, in future years the state education fund is already expected to experience additional budget pressure as the new school finance formula is implemented.	The state education fund is not able to absorb the additional costs of HSMA beyond FY 2025–26. This option might have consequences for students' other educational experiences because it diverts funds from other education programs. This could be designed to only be for the difference in revenue lost if the federal standard deduction changes.	103
Alternative Financing Option 5: Appropriate funds from the state general fund to cover HSMA shortfalls	Not modeled at this time	The state budget is already projected to have a nearly $1 billion shortfall, meaning additional costs might be challenging. This option might have consequences for Colorado families because it would divert funds from other programs.	104

Option	Estimated $ Change to HSMA Revenues (FY 2025–26, Regardless of Scenario)	Key Considerations/Limitations	Report Page #
Alternative Financing Option 6: Use Title I funds	Not modeled at this time	It is unclear whether this would be allowable under federal law. Funding for HSMA would trade off with other programs that are currently being funded with Title I funding, which is targeted at providing academic supports for students in poverty.	105
Alternative Financing Option 7: Use expiring pandemic relief funds	$0	The deadline for use of federal relief funds has passed, and almost all funds were already allocated.	107
Alternative Financing Option 8: Alter the Proposition FF language to remove reference to the federal standard deduction and add personal exemptions	$0 (Easy) because this scenario contemplates TCJA extension. Between $14.3 million (LCS) and $21.4 million (OSPB) (Medium/Hard) because these scenarios anticipate TCJA expiring. In FY 2026–27, $0 (Easy) and between $48.9 million (LCS) and 62.3 million (OSPB) (Medium/Hard). This would be the first full year of a TCJA expiration. Note, estimates vary dependent on TCJA changes.	This would allow Proposition FF revenues to support HSMA without the large decrease beginning tax year 2026, which is due to the planned expiration of TCJA (particularly the anticipated reduction in the federal standard deduction). In other words, this option would be approximately net-neutral in the Easy scenarios, where the current TCJA provisions are extended. However, it would make a significant difference in the expected gap in FY 2025–26 and the full year of FY 2026–27 and beyond for the Medium and Hard scenarios by insulating the state from the expiration of TCJA. It is unclear how this policy change would affect taxpayer behavior, and there is still uncertainty surrounding this proposal dependent upon actual federal tax policy beginning in 2026. However, this option reduces risk to the state based on federal tax changes. This aligns with the intent of Proposition FF and HSMA. This option would require legal analysis to determine whether it requires voter approval.	108

Source: Authors' analysis using policy considerations and options from stakeholders and the TAG.

Challenges and Limitations

How does data availability affect estimates? There are several data limitations and challenges highlighted throughout this report, including limited meal participation data, access to recent reimbursement claims, and district-level food expenditure data. Related to estimating expenditures, there is a gap in historical meal participation data because of the public health emergency waivers from 2020 to 2022, which limits the ability to project future participation. Furthermore, districts submit limited school meal expenditure and revenue data for auditing purposes, not for specific meal expenditure tracking. Finally, very little economic or demographic data are available at the district level, which limited the ability to analyze the program and develop potential policy option estimates. Meal participation and associated expenditure estimates for SY 2024–25 will be available on January 15, 2025, and can be used to update projections.

On the revenue side, estimates in this report have used the most recent data available. Colorado's OSPB will provide updated revenue actuals for tax year 2023 on December 1, concurrent with the release of this report. These data will be used for updated quarterly forecasts that will be shared with the legislature by OSPB and LCS on December 19, 2024.

How do changes to federal tax policy affect HSMA? Because Colorado tax policy is so closely tied to federal tax policy, the pending expiration of the federal TCJA in 2026 will affect Proposition FF funding by changing tax deductions, severely reducing revenue for HSMA. However, it is unclear if federal tax policy will change before then, making the impacts less predictable.

What is CEP, and how can changes to it affect HSMA? The federal Community Eligibility Provision (CEP) allows schools in high-poverty areas to provide free meals to all students without collecting individual free and reduced-price meal applications. Under HB24-1390, eligible schools or districts that opt in to HSMA may be required to use CEP to maximize reimbursement and offset state costs. CEP and its associated federally reimbursed meals are crucial for HSMA to work; without a high level of participation in CEP, the state would be responsible for a larger amount of HSMA costs. In October 2023, the US Department of Agriculture published a final rule which lowered the program eligibility threshold from a 40 percent identified student percentage (ISP) to 25 percent ISP, making a greater number of Colorado schools eligible for CEP and allowing those schools to take advantage of greater federal reimbursements. Should the US Department of Agriculture promulgate new rules to raise the threshold, there would be a direct increase in costs to the state.

1. Background and Introduction

In 2022, the Colorado General Assembly passed legislation to create the Healthy School Meals for All (HSMA) program and voters approved Proposition FF, which authorized a dedicated revenue stream to fund the program.

The program began in school year (SY) 2023–24, allows Colorado public school food authorities (SFAs) such as school districts, charter SFAs, Boards of Cooperative (Educational) Services, day treatment facilities, or Residential Child Care Institutions that participate in the National School Lunch Program (NSLP) and School Breakfast Program (SBP) to opt in to HSMA and provide free meals, including breakfast and lunch, to all enrolled students. Starting in SY 2024–25, as a condition for participating in HSMA, SFAs were required to maximize the amount of federal reimbursement they receive to offset the overall cost to the state.

Proposition FF created a dedicated funding stream by limiting state tax deductions for Coloradans making more than $300,000 per year ($12,000 in state income tax deductions for single filers and $16,000 for joint filers) and using the difference between the limit and the federal standard deduction amount or federal itemized amount to pay for HSMA.[3] The measure noted the purposes of HSMA, in addition to the free meals, aligned with HB 22-1414.[4] On November 8, 2022, Colorado voters approved Proposition FF by a wide margin (57 percent Yes to 43 percent No)[5] and solidified the HSMA program to begin in SY 2023–24.

Proposition FF also included three separate grant programs. "Beginning in the 2024–25 school year, the program will also provide grant funding to school meal providers to: purchase products grown, raised, and processed in Colorado to include in school meals; increase wages or provide stipends for employees who prepare and serve school meals; and receive training, equipment, and technical assistance, via a nonprofit organization, to help prepare healthy school meals using basic, nutritious ingredients, and to support collaboration between schools, communities, and local food growers."

Estimated Budget Deficits

State officials initially estimated how much new tax revenue Proposition FF would add in fiscal year (FY) 2022–23 (a half-year impact), FY 2023–24, and FY 2024–25 (table 1.1).[6] State officials also estimated expenditures for the same years.[7] These expenditure estimates relied on the midpoint of the range of projected expenditures,[8] a 3.5 percent inflation factor (calculated based on historical data), and an

expected increase in student participation rates of 25 percent.[9,10] The expenditure estimates included grant funding beginning in FY 2024–25 of $9.5 million for SFAs to purchase locally grown food, $5.0 million for local food training and technical assistance, and $7.6 million for school nutrition worker stipends.

TABLE 1.1

Estimated State Fiscal Impacts under HB 22-1414, as of August 2022

Millions of dollars

	FY 2022–23	FY 2023–24	FY 2024–25
Budgeted Revenue	$50.4	$100.7	$104.2
Budgeted Expenditures	$0.21	Up to $115.3	$71.4–$101.50

Source: "2022 State Ballot Information Booklet," Colorado General Assembly, Accessed November 21, 2024 (pp.15-19)
Note: FY = fiscal year.

In the 2023–24 school year, all 190 eligible SFAs[11] participated in HSMA. But the increase in student participation rates were higher than anticipated (37 percent for breakfast and 30 percent for lunch).[12] In addition, inflation came in at 7.5 percent in the wake of the pandemic. In March 2024, state officials provided new estimates (table 1.2). Although projected revenues were forecasted to be more than $100 million in fiscal years 2023–24 and 2024–25, 2023–24 forecasted expenditures were much larger than anticipated, leaving an approximate difference of $56.1 million.

TABLE 1.2

Projected State Fiscal Impacts under HB22-1414, as of March 2024

Millions of dollars

	FY 2022–23	FY 2023–24	FY 2024–25	FY 2025–26
Forecasted Revenue	$42.7	$105.9–113.3	$104.3-116.2	$107.5–121.3
Forecasted Expenditures	$0.0	$171.4	$156.8	Unavailable
Difference		~$56.1	Unavailable	Unavailable

Source: Amanda Bickel, "Department of Education—Healthy School Meals for All—Additional Cost Containment Measures," memorandum to members of the Joint Budget Committee, March 18, 2024, https://leg.colorado.gov/sites/default/files/edu_hsma-03-18-24.pdf.
Note: FY = fiscal year.

Although forecasted revenue in March 2024 was larger than expected from August 2022, per the Colorado Constitution, any revenue amount above the first year's estimate in the Blue Book cannot be retained or used to pay for the HSMA without voter approval. In March, the Colorado legislature's Joint Budget Committee (JBC) agreed to temporarily fill the gap in both FY 2023–24 (up to $15.4 million) and FY 2024–25 (up to $22.1 million as of spring 2024), using the State Education Fund.[13] After the 2024

legislative session, OSPB's June Revenue forecast projected HSMA revenue at $127.1 million for FY 2023–24 and $130.5 million for FY 2024–25 (LCS 2024b).

Creation of the Technical Advisory Group and Programmatic Changes to HSMA

In response to HSMA's expected budget deficit in March 2024, the Colorado General Assembly's 2024 regular session established HB24-1390,[14] which required CDE to create an HSMA technical advisory group to:

- identify ways to maximize federal reimbursements;
- reduce costs of the program;
- review cost-savings options, including minimizing food waste;
- strengthen the long-term resiliency of the Healthy School Meals for All cash fund;
- create model revenue scenarios;
- provide options and recommendations to balance program revenues and expenditures; and
- draft a report with legislative and administrative recommendations and submit it to the Joint Budget Committee, House and Senate Education Committees, the State Board of Education, and the Governor.

In addition, HB24-1390 required SFAs to follow CDE operating recommendations to maximize federal reimbursements, required CDE to create a HSMA household income application collection policy, and delayed the implementation of the Local Food Purchasing grant, the Wage Increases and Stipend program for school meal service employees, and the Local School Food Purchasing Technical Assistance and Education grants until FY 2025–26, subject to available appropriations. The FY 2024–25 Colorado budget did, however, allow for the state education fund to cover the gap in HSMA funds and provided $675,729 for a previous local food pilot,[15] which offers funding to eligible SFAs for the purchase of Colorado grown, raised or processed products.

Beginning in July 2024, CDE contracted with the Urban Institute to facilitate the convened the TAG, conduct key stakeholder engagement, and write the report for the JBC describing all suggested options to make HSMA fiscally sustainable, due December 1, 2024. In addition, CDE contracted with Bright Fox Analytics to conduct expenditure modeling in support of the TAG.

2. Complicating Factors and Assumptions Associated with HSMA

TABOR and HSMA

The Taxpayers' Bill of Rights (TABOR) amendment, amended into the Colorado Constitution in 1992, limits the amount of revenue Colorado can retain and spend.[16] The current amount of tax revenue the state can retain as part of TABOR is subject to the TABOR limit through Referendum C, which is based on FY 2007–08 state revenue subject to TABOR plus annual growth based on population and inflation. Revenue over this limit cannot be spent and must be refunded to taxpayers. TABOR also requires voter approval for tax increases and cap changes on annual tax revenue growth.[17]

Although Proposition FF revenue is TABOR-exempt, and therefore the forecasted amount approved in Proposition FF is not subject to the TABOR limit, TABOR still affects HSMA's overall sustainability.[18] Additionally, TABOR's yearly changes are based only on population and inflation; thus, the budget is not well positioned to handle additional expenditures. As such, there is little to no room within the budget to increase expenditures on new programs—such as shortfalls for HSMA—that were not included in the base year. This was the largest difference between Colorado's HSMA program, and other states with similar universal meal programs.

Potential Changes to Federal and State Taxes

What Funds HSMA?

Healthy School Meals for All and its Program Cash Fund are funded by revenue collected from Proposition FF.[19] Proposition FF brings in money to the state, solely for the program, through an "add back" on Colorado taxable income for taxpayers with adjusted gross income of at least $300,000. The mechanism increases taxes for eligible taxpayers by adding back any amount by which their federal standard or itemized deductions under Section 63 of the Internal Revenue Code exceeds $12,000 (single filers) or $16,000 (joint filers, head of household, and married filing separately) to their state taxes. As noted in the Blue Book, "It increases taxes for households with over $300,000 in federal

adjusted gross income by limiting state income tax deductions." This applies to filers with itemized and standard deductions. A basic example (in 2024) is as follows:[20]

- $29,200 (jointly filing) in standard deduction – $16,000 (from HSMA legislation) = $13,200 amount for add-back
- $13,200 amount for add-back + $A federal taxable income = $A + $13,200 Colorado taxable income
- $A + $13,200 Colorado taxable income * 4.4 percent Colorado tax rate = $B State income taxes

Before Proposition FF, the calculation excluded any add-back.

Connection to Federal Taxes

Proposition FF is directly tied to Colorado tax law and federal tax policy. Colorado tax law highly conforms with federal taxes in a way most states do not. As excerpted from a Tax Policy Center study group report (Auxier, Rueben, and Sayed 2022, 9),

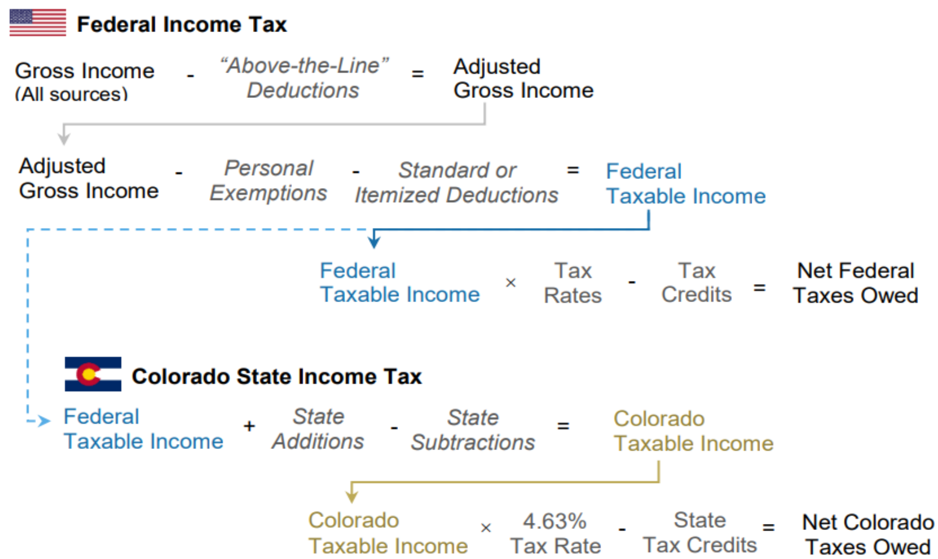
> The starting point for Colorado's individual income tax is federal taxable income (FTI). Most states use federal adjusted gross income (AGI) as the starting point for their state tax. FTI is AGI plus the federal calculations for the standard or itemized deductions...and any personal exemptions.... Using FTI instead of AGI gives Colorado an extra level of conformity with the federal tax code, which makes the state's income tax simpler for filers, but it **also makes the state's tax more susceptible to changes in federal law**. Colorado's strong connection to the federal tax code is particularly important because Colorado is a "rolling" conformity state. That is, **Colorado automatically accepts all federal changes into its tax code**. (emphasis added)

Colorado is one of only three rolling conformity states that use FTI as its starting point. This makes Colorado taxes in general (and HSMA revenue) highly susceptible to federal tax changes. For example, future acts of Congress could change the computation of adjusted gross income, change or eliminate federal standard or itemized deductions, or even relocate the deduction provisions to a different section of the Internal Revenue Code. **In these cases, the state add-back could generate far more revenue than under current law, far less revenue, or no revenue at all.** To insulate the funding stream from future changes to federal law, the funding mechanism would need to be decoupled from federal law. Depending on how this is done, such a change might require statewide voter approval under subsection (4) of TABOR.

A clear illustration of the interconnectedness of the tax systems comes from a Legislative Council Staff memo on the impacts of TCJA in 2018.

FIGURE 2.1

Calculating Federal and Colorado State Individual Income Taxes



Source: 2018 Colorado Legislative Council Memo
https://leg.colorado.gov/sites/default/files/federal_tax_legislation_interested_persons_memo_1112018_0.pdf
Note: The state tax rate has been reduced to 4.4 percent.

Impact of the Tax Cuts and Jobs Act (TCJA) of 2017

Chief among potential changes to federal tax law is the planned expiration of TCJA on January 1, 2026. The TCJA tax policy change from 2017 had many provisions, including the following which affect HSMA:

- The TCJA nearly doubled the standard deduction: from $6,500 to $12,000 for single filers, from $9,550 to $18,000 for heads of household, and from $13,000 to $24,000 for joint filers.
- The changes, primarily the increased deductions, changed taxpayer behavior: there was nearly a 20 percentage-point decrease in federal taxpayers itemizing deductions.
- Across all provisions, the TCJA components are more applicable to higher-income taxpayers (Boddupalli and Rodriguez 2024).

As noted by Legislative Council Staff in 2018, TCJA significantly and temporarily affected individual income taxes (change in standard deductions, elimination of personal exemption deductions, and itemized deduction changes).[21] Also, "because all of the TCJA's personal income tax changes (except for

the new inflation measurement) are set to expire and revert to previous law at the end of tax year 2025, Colorado's tax code could soon change again." (Boddupalli and Rodriguez 2024).

HSMA was built around the higher standard deductions legislated in the TCJA. The likelihood of the TCJA or some of its provisions being extended is unknown, as are other types of federal tax changes, but legislators must consider the vast range of Proposition FF revenue impacts. If the TCJA expires as currently planned, the standard deductions would revert to the 2017 amounts, indexed for inflation. Thus, the HSMA calculation would follow this example, based on indexed estimated standard deductions as used by Office of State Planning and Budgeting (OSPB) for this report (and originally coming from the Tax Foundation [York et al. 2024]):

- $16,700 (jointly filing) in standard deduction – $16,000 (from HSMA legislation) = $700 amount for add-back
- $700 amount for add-back + $A federal taxable income = $A + $700 Colorado taxable income
- $A + $700 Colorado taxable income * 4.4 percent Colorado tax rate = $B State income taxes

Because the exact indexed amounts are not known, they could be larger or smaller. The Legislative Council Staff (LCS) its inflation estimates for its 2026 tax year estimates—$8,300 standard deduction for single filers and $16,000 for joint filers.

Despite the simplicity of the example, the difference between the add-back amounts in a TCJA and non-TCJA example are striking. At scale, and as seen in the revenue estimates for this report, this creates significantly less revenue for HSMA and creates a large gap between revenues and expenditures. When the TCJA expires, if Congress takes no other action to increase the standard deductions beyond inflationary adjustments, the remaining revenue for HSMA would largely be dependent on itemized filers who are still above the deduction limits.

Any changes—expiration or extension—in the TCJA will also affect taxpayer behavior as it relates to taking the standard deduction or itemizing taxes. Predicting HSMA revenue trends would, in the case of TCJA expiration, largely be determined by how many filers move to itemizing deductions. Taxpayer behavior cannot be perfectly predicted but is largely based on income. It is likely that a significant number of taxpayers earning more than $300,000 would change to being itemized filers with the lowered standard deduction (while this same change would not be expected for lower-income taxpayers). Taxpayers shifting to itemized deductions are likely to mitigate the projected revenue loss to some extent, but significant revenue declines are still expected because very little revenue will be derived from filers using the standard deduction.

Other Fiscal Changes That Relate to HSMA

There are other recent changes in Colorado that can affect the general fiscal environment and thus might affect the state's choices about the sustainability of HSMA.

TABOR Refund Requirement: The Colorado Constitution (Article X, Section 20 (3)(c)) requires that voters be provided an estimate of the amount of revenue expected to be generated from a new tax in its first full fiscal year of applicability, and that any dollars collected above the estimate be refunded to taxpayers, unless voters approve a measure allowing the state to keep the excess.[22] Based on the September 2024 LCS forecast, excess revenue is estimated at $26.3 million, which will need to be refunded to taxpayers unless voters approve retention of the excess revenue (LCS 2024b). This report assumes a retention measure is placed on the 2025 ballot and passes, allowing the state to retain those funds. This estimate is for the first full fiscal year only (FY 2023–24), and the refund provision does not apply for forecasts of later fiscal years.

Recent changes to property taxes:[23] The Colorado legislature passed a bipartisan bill in May 2024 (SB24-233) to reduce local property taxes statewide but make up the difference with state appropriations. This was followed by a special session in summer 2024 that resulted in a second property tax bill (HB24B-1001). This bill further changed the assessment rates and limits yearly increases in property tax revenue for school districts—among many other changes. As analyzed by LCS, "SB24-233 and HB24B-1001 lowered assessment rates for most classes of property, decreasing the local share of school finance and correspondingly increasing the state share by approximately $374 million. HB24B-1001 also established a school district property tax limit, beginning in the 2025 property tax year (FY 2025–26)."[24] **This is important to note as it relates to the policy options because:**

- school districts are limited in their ability to raise local funds to make up for any decreased revenue to pay for HSMA, and
- the state's share of education funding is increasing, stressing the general fund and state education fund to pay for any costs that exceed Proposition FF revenues.

Changes to the state education funding formula: During the 2024 session, Colorado overhauled its school funding formula beginning in FY 2025–26.[25] The new funding formula is expected to increase per pupil funding through the mix of state and local funding.[26] There is a hold harmless provision over the six-year rollout period.[27] The viability of suggestions to cover parts of HSMA costs using the state education fund may be affected by the new changes.

Recessionary scenarios: There are several types of recessions (e.g., mild or deep) and eventual recoveries (e.g., rapid, slow, double dip with interim recovery, or stagnation) that affect citizens differently depending on their household income, employment, and other factors. What is generally true of recessionary scenarios is that revenues decline and the need for a social safety net increases. This means when a recession occurs, there will likely be changes in HSMA revenue, expenditures, the need for HSMA in Colorado districts, and the number of students newly federally qualified for free and reduced-price meals. The magnitude of change for any of these elements would depend entirely on the type of recession, how it causes these elements to intersect, and the recovery. For this reason, TAG suggested that, in addition to covering revenue and expenditure shortfalls, **a mechanism should be built into the program with the goal of establishing a 40 percent reserve of meal reimbursement expenditures to sustain the program throughout a recessionary period.**

Factors Affecting Participation

Many factors can affect student and school participation in HSMA. As noted in the Universal Free Meals across the Country section to follow, predicting participation is challenging. Beyond what is noted in that section, there are a few major components that could affect program expenditures. This list is not exhaustive, nor does it cover every possible scenario of federal policy changes. But it highlights that all expenditure estimates are only estimates that must be coupled with the knowledge of the vast and intersecting set of state and federal policies. This is despite Colorado completing intentional work to predict participation and associated expenditures in a more precise way than almost every other state.

Potential Changes to the Community Eligibility Provision

HSMA heavily relies on Community Eligibility Provision (CEP), where a school, group of schools, or entire district with identified student percentages (ISPs) of at least 25 percent can provide free meals for all students, regardless of household income. Because CEP schools are reimbursed at the federal free rate for 1.6 times the schools' ISP of meals served, the costs for the meals components of HSMA are lower compared with other meal services. CEP and its associated federally reimbursed meals are crucial for HSMA to work; without a high level of participation in CEP, the state would be responsible for a larger amount of HSMA costs. Historically, the eligibility threshold has been 40 percent ISP, and it was only recently lowered to 25 percent in October 2023 as part of a US Department of Agriculture (USDA) final rule.[28] Although the 25 percent threshold is in federal statute, it could change to something else entirely depending on the federal government. An upward change in the CEP eligibility threshold would

directly affect Colorado districts' CEP designations, reducing the number of schools eligible for CEP, and directly decreasing HSMA federal reimbursements. **This was not modeled as part of the scenarios.**

Student Meal Participation

Expenditure estimates are based on student breakfast and lunch participation data from the prior year. Original estimated participation increases for SY 2023–24 were based on SY 2022–23 participation rates. But participation rates were higher than projected and continue to be difficult to project (see the Universal Free Meals across the Country section for more information about this cross-state phenomenon). For example, estimates for SY 2024–25 rely on participation data from SY 2023–24, as full SY 2024–25 data will not be available until spring 2025. Despite this challenge, states must project participation and associated expenditures to align with budget cycles and planning for sustainability. Colorado does this in this report by adding an increase in participation ranging from 5 to 20 percent in SY 2024–25 and increases at slower rates of growth in future years (see the Expenditure and Revenue Estimates section for more details). Depending on how accurate these estimates are, the projections for HSMA will shift.

School and District HSMA Participation

Each policy option listed in this report assumes all previously participating schools and districts will continue to participate, regardless of the policy options chosen to address the HSMA shortfall. But some policy options, such as the cost-reducing options that depend on districts covering unfunded costs, would likely result in schools and districts opting out of HSMA altogether. It is difficult to estimate which schools and districts would opt out, as well as the subsequent changes to each policy option given those changes. Even without these policy options, some stakeholders spoke about the cost of administering HSMA because of the scale needed to serve so many students and the cost of procuring food. As such, in any scenario, some schools may opt out in future years. It is difficult to predict this, but any opt-outs would diminish the impact and universal intent of the program but would also reduce expenditures for the state.

Direct Certification

Districts directly certify their students as participating in the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, and, as of SY 2023–24, Medicaid.[29] The addition of

Medicaid increased districts' share of students directly certified for free meals, which improves districts' ISP numbers and therefore federal reimbursements under CEP. This is especially true given the Medicaid continuous coverage period offered during the pandemic. But this continuous coverage period ended in March 2023, meaning students previously identified as directly certified via their participation in Medicaid continuous coverage will no longer be identified.[30] CEP schools and districts can use their highest ISP to determine federal reimbursements over a four-year cycle, but at the end of that four-year cycle, they generally have to start over. This means that Colorado schools and districts that began CEP in SY 2024–25 as part of HSMA began CEP with, likely, the highest ISP they would experience for four years. In SY 2028–29, these schools likely will have to start another four-year cycle, which will drop their ISP levels, and therefore federal reimbursements, by a significant amount.

Direct Costs to Districts

Many of the cost-reduction policy options included in the original JBC memo, as well as the additional cost-reduction policy options suggested in stakeholder feedback, reduced the HSMA state-level expenditures by limiting HSMA (e.g., provide only free lunch and remove free breakfast or remove high schools from HSMA). But another requirement of HSMA is for eligible schools or districts to participate in CEP when it maximizes federal reimbursements, which, regardless of HSMA, does not have the same flexibility to remove parts of school meals or students from the provision. For example, if HSMA removed breakfast from the program, a CEP school serving grades K–12 would still be required to provide free breakfast according to federal CEP regulations but would be required to cover the cost without state reimbursement. Similarly, if HSMA removed high school students, that same school would potentially have to serve high school students free breakfast and lunch and cover the costs without state reimbursement. This report provides some district-level estimates of these direct costs to districts s in the Cost-Reducing Policy Options section and note that most districts that provided feedback throughout this engagement process said they would be unable to cover these costs and that they would have to opt out of participating in HSMA. Beyond CEP schools, other stakeholders noted that their communities would strongly oppose the rollback of universal free meals. As such, they categorized any change to the scope of the program as "an unfunded mandate" for their schools and one they do not have the tools to absorb.

Data Limitations

This report is limited by data availability in several areas.

Historic Meal Participation Data

The public health emergency child nutrition waivers used from SY 2020–21 through SY 2021–22 allowed schools to serve breakfast and lunch to all students, regardless of household income.[31] It also allowed schools to provide grab-and-go meals for reimbursement. These additional grab-and-go meals are counted in total participation numbers, as well as expenditure totals, and were reported at the SFA level rather than the site level. Therefore, historic student participation data that would be used to project participation rates is limited, and CDE is limited to using data from SY 2018–19 and the one year before HSMA, SY 2022–23.

Availability of Most Recent Reimbursement and Claims Data

This report uses school district reimbursement and claims data from SY 2023–24, inflated by a range of participation rates between 5 percent and 20 percent in future years. At the time of analysis, only July and August SY 2024–25 reimbursement and claims data were available. These early months of the school year are not reflective of the typical school year; additionally, September reimbursement claims may be artificially high because federal law permits school districts to use the previous year's free and reduced-price meals status or eligibility instead of actual counts. The first full quarter of SY 2024–25 (July-October) reimbursement data, which will be the best available indicator, will be available in January 2025, at which time CDE will provide an updated forecast for the year. Although October data provides a more accurate count to use in the forecasts, monthly participation varies throughout the year.

Availability of District School Food Expenditure and Revenue Data

Colorado school districts are currently required to provide data to CDE via the Colorado Data Pipeline, which is used largely for auditing purposes and does not provide granular site-level data or specific food expenditure data that might be used to better understand how individual Colorado districts can provide school meals to students. For example, it does not include costs of food already in inventory from the prior year or the cost of procuring à la carte items. Some districts were able to provide district-specific data, which we have identified and included in this report.

Availability of Tax Revenue Certification Data

Certification for Colorado's 2023 tax year will be submitted on December 1, after this report has been published.

Availability of Quarterly Revenue Forecasting Data

Revenue forecasting and projections take place quarterly. This report uses September 2024 projections, however new projections will be available December 19, 2024.

3. Local Food Initiatives and HSMA

Background

As passed by the voters in 2022, Proposition FF included programs intended to “provide grant funding to school meal providers to: purchase products grown, raised, and processed in Colorado to include in school meals,” as well as receive technical assistance via a nonprofit organization to support collaboration between schools, communities, and local food growers starting in SY 2024–25 (among other elements).[32] However, HB24-1390 delayed these portions of HSMA until SY 2025–26, depending on available appropriations.[33]

More specifically, Proposition FF outlines that schools participating in HSMA are eligible to receive grants to

- purchase products grown, raised, and processed in Colorado to include in school meals;
- increase wages or provide stipends for employees who prepare and serve school meals; and
- receive training, equipment, and technical assistance, via a nonprofit organization, to help prepare healthy school meals using basic, nutritious ingredients, and to support collaboration between schools, communities, and local food growers.

The local food purchasing grant program was designed for each school food authority that created an advisory committee to receive up to $5,000 or $0.25 per lunch (whichever is greater) from the prior school year. The wage and stipend program allowed for $0.12 per lunch or $3,000 (whichever is greater). The technical assistance grant had an allocation of up to $5 million in total (LCS 2022).

Stakeholder Insights

Much of the conversation about the sustainability of HSMA has focused on the students receiving meals, but stakeholders also shared that the delay in implementation of the grant and grant training programs affected the healthy local food economies. During phase 1 of the focus group with food hubs, producers, and procurement advocates, stakeholders communicated their frustration around the delay of the local procurement initiative. One participant said, “Promises had been made to producers from school districts that they would buy products [based on current law at the time].”

Focus group participants noted that the initiative was particularly appealing to small and midsize farms that have often been left out of similar initiatives. They noted the appeal of HSMA as a whole food systems initiative and that without the grant programs, it was no longer whole or what voters intended. Participants noted that predictability and stability were both critical to the program, and that for future iterations of the program to be successful, HSMA should guarantee at least three years of funding sustainability.

Participants who connect and build relationships between local school districts and producers also described the support necessary to bridge administrative gaps between local producers and school procurement systems. They continued to cite that this type of relationship building (i.e., to be potentially supported or guaranteed for only one year in the future) was risky for participants and unsustainable. They suggested that local brokers and advocates be better used in the future to create more accurate local lists of producers and to continue translating complicated forms and systems for the producers.

Other stakeholders, such as families and school nutrition professional advocates, expressed the importance of including locally grown food to provide healthy meals for their children. In addition, local food producers and school nutrition employees noted that local food purchases are more expensive than commercial products, which furthered their point that additional support was needed under HSMA to make local food procurement sustainable. Stakeholders reiterated that local food producers and economies were not prioritized in HSMA despite the legislation's intent.

Other HSMA State Initiatives

Several states noted the importance of local food to the political and budgetary support of HSMA in their states. Maine and New Mexico tied local food and food producers to their universal free meal policies, including matches or additional support, with requirements around the purchase of processed foods. Before HSMA, Vermont had a competitive grant for local food procurement programs, and Michigan provided reimbursements up to $0.10 per meal, up to $4.5 million annually. Massachusetts and Minnesota's universal free meal programs do not offer local incentives, but state officials noted that schools being able to purchase local food and generally the connection to local agriculture were key for political support. They cited students' and families' appreciation for higher-quality meals. More information about other HSMA state initiatives can be found in the Universal Free Meals across the Country section.

USDA Support

Beyond HSMA, USDA provides additional support to purchase local food through the USDA Foods in Child Nutrition Programs, via USDA Food entitlements.[34] Through these entitlements, each school receives a predetermined allocation to order food procured by the USDA, which is determined by how many lunches a school serves. This helps local purchasing by providing USDA Foods products that might not be available locally, which can free up school funds to spend more on local purchases. As shown in appendix B, table b.9, the number of lunches served under HSMA has increased by more than 16 million in 2023–24. The meal rate for USDA Food entitlements in 2024–25 is $0.45 per meal, resulting in an estimated food entitlement increase of $7.5 million for Colorado districts.[35]

CDE Support

Before HSMA, CDE supported several local food initiatives, including using intermediaries (e.g., food hubs or aggregators) to connect schools with local producers, simplifying procurement, reducing barriers to local producers contracting for schools and government-funded programs, encouraging multiyear commitments with local producers to ensure sustainable partnerships, and working on farm to school mapping and regional procurement initiatives.

Using Intermediaries for Local Producer Lists

CDE encourages SFAs to purchase through food hubs or aggregators, which act as intermediaries, to streamline the process and reduce the burden of making direct connections with individual farmers. An additional resource for SFAs can be found in the Nourish Guidebook Resource, which includes a map of food hubs that provides detailed information on food hub distribution areas, hours of operation, and contact information.[36] CDE provides several resources to identify local producers, including the CDE Farm to School Producer List,[37] the Colorado Proud website,[38] the Colorado Fresh Fruit and Vegetable Growers Association website,[39] the Colorado Department of Agriculture's Farm Fresh Directory,[40] and the Colorado Local Beef Directory.

Reducing Barriers to Contracting for Local Producers

CDE and others are working to reduce the barriers to contracting for local food producers. Among these initiatives are the following:

- To give SFAs a template with step-by-step guidance on how to create bids tailored to their procurement needs, CDE is developing a new local bid outline, which can simplify the process and make it easier for local producers to respond for SFAs to specify their purchasing requirements. This should be available by the end of 2024.
- CDE's road mapping exercise identifies barriers that hinder local procurement. As of this report's publishing date, 115 SFAs are participating in a root cause analysis activity. The end goal is to develop a strategy to remove these obstacles for SFAs, and the final report is expected in August 2025.

Beyond CDE's efforts, several other entities are providing resources and guidance as well:

- USDA's newly introduced geographic preference rule reduces barriers for local procurement, making it easier for schools and SFAs to prioritize local producers in their bids.[41]
- The nonprofit advocacy group Nourish has recently begun collaborating in southeast Colorado to create a regional local food bid network. This initiative is larger than previous cooperative local purchasing efforts and could serve as a pilot for other regions across the state. This RFP is scheduled to be released in January 2025.

The Colorado Food Systems Advisory Council has published *Farm to Loading Dock*, which emphasizes the need for technical assistance as a critical factor for SFAs to procure local food and build relationships with producers (Loebl et al., n.d.).

Making Multiyear Commitments to Local Food Producers

CDE notes that all SFAs who use the formal bid process can include language that enables multiyear contracts with local food producers, which can provide stability and long-term security for both producers and sponsors. USDA's final Geographic Preference Rule allows for SFAs to use Colorado, or another determination of "local," as a specification and requirement for multiyear contracts.

If HSMA funds local food procurement at a larger scale, CDE notes that participating SFAs will be able to enter forward contracts with local producers. This allows SFAs to pay producers in advance (using state grant funds) before receiving products, securing long-term supply, and reducing the financial risk for farmers and encourage multiyear participation.

4. Literature Review

Traditional School Food Programs and Students

The School Breakfast Program (SBP) and the National School Lunch Program (NSLP) are long-standing programs administered by the USDA through the Food and Nutrition Service (FNS). These programs provide subsidized, low-cost meals to students based on family income eligibility. Students from families with incomes up to 130 percent of the federal poverty level qualify for free meals, while those with incomes between 130 and 185 percent of the federal poverty level are eligible for reduced-price meals (Billings 2023; Hayes and Williams 2021). Schools participating in these programs track the daily number of meals served categorized as free, reduced-price, or paid to ensure accurate federal reimbursement claims.

Meals offered in schools must meet specific federal nutrition standards that align with dietary guidelines for every life stage. Updated every five years by the USDA and the US Department of Health and Human Services based on current science, these guidelines support healthy dietary patterns through infancy, childhood, adolescence, and beyond, aiming to meet nutrient needs, maintain a healthy weight, and reduce chronic disease risks. Schools must adhere to standards that encourage a balanced intake of nutrient-dense foods—such as vegetables, fruits, whole grains, low-fat dairy, and lean proteins—while limiting added sugars, saturated fat, and sodium. These guidelines also accommodate personal preferences, cultural traditions, and budgetary considerations (USDA and HHS 2020).

School meal programs have been found to relieve child food insecurity (Ralston et al. 2017). Students from households receiving Supplemental Nutrition Assistance Program benefits are less likely to experience food insecurity during the school year when they participate in school meal programs, and states that mandate the SBP have reported improved food security outcomes (Fletcher and Frisvold 2017; Kuhn 2018). Research also finds school meals are more nutritious than their alternatives, improve diet quality for students with greater nutritional needs, and improve student nutritional intake, particularly among students experiencing poverty (Bhattacharya, Currie, and Haider 2006; Cohen et al. 2009; Gunderson, Kreider, and Pepper 2012; Smith 2017). Yet participation rates can be low, even among students eligible for free meals (Gleason 1995). Several factors likely contribute to this, including the quality or variety of the food offered and the stigma often associated with school food, which are sometimes viewed as being primarily for “poor” students (Bhatia, Jones, and Reicker 2011; Domina et al. 2024; Glantz et al. 1994; Poppendieck 2010). The presence of competitive foods

exacerbates this stigma, increasing barriers for low-income students from accessing meals (Bhatia, Jones, and Reicker 2011). Moreover, participation rates among students experiencing poverty are lower in schools with more affluent students (Mirtcheva and Powell 2009). Other students who are not certified for free meals but cannot afford to pay might avoid participating because of the consequences for overdue meal debt, such as having their hot meal replaced with a cold one.

Participation in school meals, particularly breakfast, has been shown to benefit students in several ways. Empirical evidence shows that the availability of the SBP improves cognitive function and test scores and that providing school meals supports students' overall well-being (Bogden, Brizius, and Walker 2012; Frisvold 2015). This is especially true for students who might otherwise skip breakfast (Hartline-Grafton 2016). School breakfast participation correlates with improved attendance, especially among low-income students, by helping to close the nutrition gap and supporting daily participation (Hartline-Grafton 2016).

Universal Free Meal Programs and Students

Provision 2 and CEP are both avenues that enable schools to provide universal free meals to all students, regardless of household income. Both are designed to increase access to nutritious meals while reducing administrative burdens on schools. Introduced in 1980, Provision 2 allows schools to serve meals at no cost to all students without requiring a minimum percentage of low-income enrollment. Reimbursement rates are determined in a designated "base year," based on the actual counts of free, reduced-price, and paid meals served. Schools have the flexibility to apply Provision 2 to breakfast only, lunch only, or both (OSPI 2023).

CEP, the most widely used universal free meal program, was introduced in 2010 under the Healthy Hunger-Free Kids Act. It was piloted in 2012, became nationally available in 2015, and has grown in popularity since. CEP targets schools with high levels of students in poverty by requiring identified student percentages (ISPs) of at least 25 percent. Unlike Provision 2, CEP calculates the share of meals covered by the federal free reimbursement rate exclusively using a formula (ISP times 1.6) and does not require individual household applications. Under CEP, schools must offer both breakfast and lunch, with both meals claimed at the established reimbursement rate (FNS 2024).

Research shows that universal free meal programs can affect student outcomes, especially those related to school. Universal free meals were found to improve student test scores for both elementary and middle school students (Gordanier et al. 2020; Ruffini 2022; Schwartz and Rothbart 2020). Moreover, these programs reduce suspension rates in elementary and middle schools, suggesting that

access to free meals is linked to improved behavior (Gordon and Ruffini 2018). Anecdotal evidence from universal free meal schools in California and Colorado reinforces the benefits of broad meal access (Pearce and Neal 2023). Most research finds null or modest decreases in student absences after schools adopt universal free meals (Cohen et al. 2021).

Research has found that expanding the availability of school meals improves child nutrition (Bhattacharya, Currie, and Haider 2006; Gundersen, Kreider, and Pepper 2012). Some evidence suggests that NSLP participation increases obesity in elementary school students (Millimet, Tchernis, and Husain 2010; Schanzenbach 2009), but most research on universal free meals finds that expanding school meal access has no significant effects on student obesity (Cohen et al. 2021; Corcoran, Elbel, and Schwartz 2016; Davis, Kreisman, and Musaddiq 2024; Kitchen et al. 2013; Schwartz and Rothbart 2020). In addition to student outcomes, universal free meals have been found to improve participation rates, particularly among students who previously received meals for free (Gutierrez 2021). Moreover, it contributed to a more positive school climate and improved perceptions of safety among all students.

Universal Free Meal Programs and Families

According to a School Nutrition Association survey,[42] the typical cost of a full-price breakfast in SY 2023–24 was $1.75 in elementary schools, $1.75 in middle schools, and $1.80 in high schools. The average cost of a full-price lunch was $2.83 in elementary schools, $3.00 in middle schools, and $3.05 in high schools.

Benefits of universal free meals extend beyond the classroom and directly affect students' families. Research finds that offering universal free school meals generates savings for households, particularly households from low-income backgrounds, by reducing grocery costs, enhancing food security, and cutting down on meal debt (Handbury and Moshary 2021; Marcus and Yewell 2021). During the pandemic's national health emergency, school meals were free for all students.[43] But these waivers expired in summer 2022, and one-third of households with children found it more difficult to meet other expenses attributable to school meal costs, with low-income households and households of color being most affected (Toossi 2023). Moreover, postpandemic school meal debt has risen to all-time highs, and research suggests that universal free meals can mitigate financial burdens on families by reducing the need for meal debt.

Evidence from the implementation of school meals programs, such as CEP and the NSLP, shows that these can generate cost savings for educational institutions. School districts have leveraged economies of scale to lower costs per meal and streamline administrative processes (Long, Marple, and Andeyeva

2021). Empirical evidence demonstrates that CEP increases total school meal expenditures but reduces costs per meal and that federal reimbursements more than cover the local revenue losses in most areas (Rothbart, Schwartz, and Gutierrez 2023). But despite some financial operational efficiencies, school meal programs can create challenges, including rising costs, staffing shortages, and insufficient reimbursement rates (SNA 2024).

Beyond the immediate influence on academic outcomes, school meal programs have a broader societal impact that can shape future educational and labor market trajectories. Research highlights the far-reaching economic and societal benefits of school meal programs. Nutritious breakfast programs and access to child nutrition programs can influence long-term societal progress (Joint Economic Committee 2024). For example, school breakfast programs correlate with higher educational attainment and labor market earnings, which enhances long-term economic benefits, and access to nutritious school breakfast can extend student’s educational duration by 0.1 years, ultimately increasing earnings 2 to 3 percent (Bütikofer, Mølland, and Salvanes 2018).

5. District Expenditures

Background

Federal Reimbursement Rates

Under the traditional NSLP and SBP, the federal government reimburses SFAs per meal served. These reimbursement rates are updated annually based on the Consumer Price Index and differ depending on students' eligibility for free and reduced-price meals and how many meals schools served to students eligible for free and reduced-price meals (table 5.1).

TABLE 5.1
Range of Federal Reimbursement Rates (SY 2024–25)

	Breakfast	Lunch
Paid Meals	$0.39	$0.42–0.53
Reduced-Price Meals	$2.07–2.54	$4.03–4.14
Free Meals	$2.37–2.84	$4.43–4.54

Source: National School Lunch, Special Milk, and School Breakfast Programs, National Average Payments/Maximum Reimbursement Rates, 89 Fed. Reg. 56720 (Jul. 10, 2024).
Note: This table reflects reimbursement rates for the contiguous states. Alaska, Hawaii, and US territories (i.e., Guam, Puerto Rico, and the Virgin Islands) have different rates.

Table 5.1 displays reimbursement ranges, where applicable, for all meals. The minimum rates for breakfast reflect payments for schools that are not in "severe need," and the maximum rates apply to schools that are in "severe need" (i.e., schools where more than 40 percent of the lunches served were served to students eligible for free and reduced-price meals in the preceding year).[44] The minimum rates for lunches reflect payments to schools where less than 60 percent of meals served are served to students eligible for free and reduced-price meals, while the maximum rates reflect payments to schools where more than 60 percent of meals served were served to such students, plus 9 cents for performance-based cash assistance (i.e., those certified as meeting the meal pattern and nutrition standard requirements).

Reimbursements under HSMA Programs

Under HSMA, eligible districts participate in CEP or Provision 2. The remainder participate in the traditional NSLP and SBP. Districts are required to maximize their federal reimbursement under their specific program, and the federal reimbursement structure differs under each. Below describes the operations of each in the absence of HSMA.

- **Traditional operations: NSLP and SBP.**[45] Schools track the number of meals served to students who receive free, reduced-price, and paid meals and receive the associated federal reimbursement for each type of meal. For example, if 40 percent of the meals served in a school are to students eligible for free meals, 35 percent are served to students eligible for reduced-price meals, and 25 percent are served to students who pay for their meals, the school will receive federal reimbursements at the free rate for 40 percent of meals, the reduced-price rate for 35 percent of meals, and the paid rate for 25 percent of meals. The school is responsible for covering the remaining costs of providing meals.
- **CEP**.[46] Schools are reimbursed at the federal free rate for the share of meals equal to 1.6 times the district's identified student percentage (ISP). For example, if a school has a 50 percent ISP, it would be reimbursed for (1.6 x 50 percent) = 80 percent of meals at the federal free rate and 20 percent of the meals at the paid rate. CEP requires that schools must pay, with non-federal funds, any costs of offering free meals to all students that exceed the federal reimbursement provided.
- **Provision 2.**[47] Schools use one year of free and reduced-price meal eligibility data to provide free meals for all students for four years. The percentages of free, reduced-price, and paid meals served in year 1 are applied to the total number of meals served for the following years of the four-year cycle. For example, a school that served 35 percent free meals, 20 percent reduced-price meals, and 45 percent paid meals in year 1 would receive the free federal reimbursement rate for 35 percent of meals served, the reduced-price rate for 20 percent, and the federal paid rate for 45 percent in the following years. Schools would be responsible for covering the remaining costs between the cost of providing meals for free and the federal reimbursement provided.

Nationwide Landscape

The federal reimbursement structure assumes the cost to produce meals—including food procurement, preparation, and labor—is equal to or less than the federal free reimbursement rate. But the cost of each of these elements depends on local labor and food acquisition prices, which often vary by geography and cost-of-living (i.e., costs might be higher in rural districts compared with urban districts).

According to a national survey of school nutrition directors in fall 2023 by the School Nutrition Association, almost 90 percent of respondents reported increasing costs, staffing shortages, and menu item shortages as the top three challenges in their school meal programs (SNA 2024). Most respondents indicated that federal reimbursement rates are not enough to cover the costs of producing meals (i.e., food, labor, supplies, and other costs). Overall, 60 percent of respondents said federal reimbursement rates were not enough to cover the cost of producing breakfast, compared with 68 percent of respondents from the Mountain Plains FNS region (which includes Colorado). Sixty-four percent of respondents indicated that the reimbursement rates were not enough to cover the cost of producing a lunch, compared with 71 percent in the Mountain Plains FNS region.

Colorado District Data

The Colorado School Nutrition Association collected meal and reimbursement data from several school districts. Table 5.2 shows total meals served, total reimbursements (both state and federal), and the average reimbursement per meal in that district for breakfast and lunch in SY 2023–24. Meals are reimbursable up to each site's specific federal free rate (depending on site characteristics described in table 5.1). Therefore, the columns showing breakfast and lunch reimbursement per meal indicate the lower bound of how much it costs to provide breakfast and lunch to students, on average, in each district. For reference, in SY 2023–24, federal free breakfast reimbursement rates generally ranged from \$2.28 to \$2.73, and federal free lunch reimbursement rates ranged from \$4.25 to \$4.35.[48]

TABLE 5.2

Colorado District Meal and Reimbursement Data, SY 2023–24

	Breakfast			Lunch		
District	**Total Served**	**Total Rbt.**	**Rbt. per Meal**	**Total Served**	**Total Rbt.**	**Rbt. per Meal**
A	1,113,345	$2,803,371	$2.52	2,786,420	$12,065,199	$4.33
B	313,791	$823,261	$2.62	517,944	$ 2,242,698	$4.33
C	2,242,987	$5,794,538	$2.58	4,093,247	N/A	N/A
D	794,313	$1,884,010	$2.37	1,843,830	$7,983,784	$4.33

E	555,943	$1,580,702	$2.84	1,209,035	$5,259,302	$4.35
F	1,475,546	$3,576,715	$2.42	4,091,214	$17,714,957	$4.33
G	41,967	$96,467	$2.30	265,610	$1,150,091	$4.33
H	878,809	$1,741,052	$1.98	2,351,056	$10,180,072	$4.33
I	286,661	$539,945	$1.88	883,267	$3,824,546	$4.33
J	343,251	$782,612	$2.28	1,437,050	$6,222,427	$4.33
K	3,850,265	$9,867,796	$2.56	7,065,710	$30,594,524	$4.33
L	880,463	$2,007,456	$2.28	5,250,866.	$22,736,250	$4.33
M	50,814	$117,616	$2.31	169,324	$733,173	$4.33
N	58,550	$133,494	$2.28	184,489	$798,837	$4.33
O	128,871	$354,314	$2.75	229,117	$992,077	$4.33
P	1,336,652	$3,441,957	$2.58	2,037,535	$8,843,211	$4.34
Q	28,508	$77,827	$2.73	38,985	$168,805	$4.33
R	1,447,968	$3,490,944	$2.41	5,560,986	$24,079,069	$4.33
S	226,255	$533,099	$2.36	1,015,981	$4,399,198	$4.33
T	268,128	$692,344	$2.58	665,194	$2,893,594	$4.35
U	697,731	$1,820,437	$2.61	1,613,676	$6,987,217	$4.33
V	27,239	$69,433	$2.55	112,661	$487,822	$4.33
W	956,001	$2,324,743	$2.43	2,314,964	$10,023,794	$4.33
X	599,626	$1,511,750	$2.52	1,017,812	$4,407,126	$4.33
Y	1,107,900	$2,985,235	$2.69	1,314,409	$5,691,391	$4.33
Z	54,839	$139,296	$2.54	169,978	$736,005	$4.33
AA	369,909	$929,149	$2.51	1,727,379	$7,479,551	$4.33
AB	799,772	$1,953,193	$2.44	2,764,624	$11,970,822	$4.33
AC	556,948	$1,387,108	$2.49	1,292,568	$5,596,819	$4.33
AD	55,542	$100,538	$1.81	139,364	$603,446	$4.33
AE	255,120	$591,930	$2.32	531,718	$2,302,339	$4.33
AF	305,743	$554,437	$1.81	856,592	$3,709,043	$4.33

Source: Colorado School Nutrition Association.
Notes: Rbt. = reimbursement. This was data volunteered by district personnel and collected by The Colorado School Nutrition Association. District names have been de-identified and are not consistent across tables.

Additional data on the share of school food expenditures by labor, food, and other categories for SY 2022–23 and 2023–24. These districts generally spend the most on labor, followed by food and other costs (table 5.3).

TABLE 5.3
Colorado Share of Expenditures by Labor, Food, and Overhead
SY 2023–24

District	Labor	Food	Other
A	56%	39%	5%
B	46%	43%	11%
C	48%	38%	14%
D	49%	42%	9%

Source: Colorado School Nutrition Association.
Notes: This was data volunteered by district personnel and collected by The Colorado School Nutrition Association. District names have been de-identified and are not consistent across tables. Labor includes employee salaries and benefits.

6. Universal Free Meals across the Country

Eight states, including Colorado, have implemented statewide universal free school meals since the federal government's pandemic waivers ended.[49] Another three states have expanded eligibility for free and reduced-price meals while not making the programs universally available. To inform how Colorado can make HSMA more sustainable, we researched other states' programs, practices, and budgets through publicly available sources and interviews with five state nutrition leaders. We highlight key findings from this policy scan and include more details in appendix B.

The eight states that currently have universal free meals are California, Colorado, Maine, Massachusetts, Michigan, Minnesota, New Mexico, and Vermont. All these states, except for Michigan, have passed legislation mandating and dedicating funding to pay for universal free meals, whereas Michigan created universal free meals through its annual budget and budget guidance. Additionally, the three states that have expanded income-based eligibility are New Jersey, North Dakota, and Oregon. We focus this analysis on states with universal free meals but provide some brief information highlighting the states with expanded eligibility in appendix C.

Although the universal free meals programs share many similarities, they all exist as state policies in different contexts where key attributes—such as the rural and urban mix of schools, percentage of students living in or near poverty, school funding formulas, and tax policies—vary widely. Additionally, state nutrition policies and practices that complemented federal programs differed before universal free meals were available. For instance, Vermont, similar to Colorado, paid the difference between reduced-price and free meals so that all students eligible for reduced-price meals received them for free. Other states, such as New Mexico and Massachusetts, provided free breakfast after the bell to all students attending schools above a certain threshold of FRPL or ISP before universal free meals were available. These differences make direct comparisons challenging but do not mean states cannot learn from each other, as some are already doing through the universal free meals community of practice, facilitated by the National Farm to School Network.

Fiscal Sustainability

In interviews, Urban found that even though these are permanent programs, states recognize that all public programs are subject to change because of budget or political pressures. Yet, no state is currently

facing the same fiscal sustainability challenges as Colorado because Colorado's program is financed with a sole revenue source tied to state and federal taxes while other states use broader revenue mechanisms. To understand ways to make the program more sustainable, Urban examined several dimensions of states' universal free meal fiscal sustainability.

Participation Requirements

Participation requirements in state legislation and guidance affect the universality of these programs and the state's ability to predict participation and associated costs. Five out of the eight states require all public schools that participate in NSLP and SBP to participate in the state's universal free meals program. Many states leave it optional for other schools, such as charter schools and private schools, that participate in NSLP and SBP. But this varies; for example, New Mexico and California require charter schools to participate in the program.

Compared with Colorado. Colorado makes it optional for any public SFA participating in NSLP and SBP to participate. This includes charter schools and public schools.

Projecting Participation and Budgets

States must predict participation to estimate costs for the education departments' routine budget requests, but the data to support accurate predictions does not align with states' budget timelines. Additionally, the oldest of the universal free meal programs have had only three implementation years to demonstrate patterns in participation and the associated costs. Predicting participation in the program has been challenging for several reasons:

- lack of participation comparability with school meal waivers during the pandemic
- inability to predict how much removing stigma would affect participation
- school meal data not being collected at the student level, meaning measuring saturation and student-level patterns is challenging
- changing patterns in participation in CEP, both because of changed state efforts and federal changes in eligibility requirements
- changing enrollment patterns postpandemic
- inability to predict participation rates for the first year and especially in subsequent years

- lack of comparability across states because of varied state contexts

States generally use the previous or current year's participation data (dependent on time of year) to project participation and associated costs. All states, except for Vermont, underpredicted the first year's budget and have had to increase budgets year over year and through midyear adjustments. A few states, such as Maine and Minnesota, are trying to encourage more participation. As seen in appendix B's table b.10, states' average change in participation from before the program to the first year of the program was 17 percent and from the first to the second year of the program was 3 percent. As highlighted by the Farm to School Network , these states have seen large increases in school breakfast, in particular, and have continued serving more meals despite student enrollment decreases.

Compared with Colorado. Original participation rates were determined by utilizing meal counts from SY 2018-19 and factoring in a 25 percent participation increase. During the pandemic, a 20 percent average increase was seen based on district surveys and calculated average meal count. After the first year of HSMA, Colorado contracted with Northbound Ventures to create a tool to predict participation in the program using data down to the site level, plus an increase in participation from year 1 to year 2 that ranges from 5 to 20 percent and 4 percent and 3 percent, respectively, in years 3 and 4 of the program.

Revenue Mechanism

Universal free meals require large investments at the state level. All states except for Colorado use general funds—through the state general fund or the state education fund—to pay for universal free meals. These use a range of taxes to pay for various state programs, including universal free meals. The only deviation is in Massachusetts, where a portion of the Fair Share Amendment (a voter-approved 4 percent income tax on the portion of individuals' income above $1 million, adjusted annually based on cost-of-living) revenue has been used to pay for universal free meals. But this is still quite different than Colorado in that the Fair Share Amendment funds are not dedicated to universal free meals but can be used for various education and transportation expenses. The new revenue has simply been allocated for the program as part of the budget process, among other programs. These broad-based revenue mechanisms are not perfect, but they do limit the risk based on tax and economic changes compared with sole-source revenue. On the other hand, though dedicated by state law (except in Michigan), using state education or general funds as the funding mechanism could put universal free meal funds in competition with other worthy state programs if budgets must be cut.

Compared with Colorado. Colorado's program is structured to use a sole funding mechanism, Proposition FF, to pay for universal free meals, though the state used state education funds to pay for the gap in the first year of funding. Proposition FF is highly tied to state and federal tax changes and any economic shifts that disproportionately affect Colorado taxpayers earning more than $300,000. Additionally, Colorado's TABOR cap and associated reserve policies indirectly limit its ability to supplement the program through other funds, as compared with other states' policies.

Maximizing Federal Funding

All states require districts to maximize federal funding. These policies are intended to directly decrease the amount the state must spend to implement universal free meals. States vary, however, in how they implement these provisions.

CEP and Provision 2

One primary way to reduce state costs is to increase the costs covered through federal programs, such as CEP and Provision 2. California, Michigan, Minnesota, and New Mexico have provisions related to specific ISP thresholds wherein eligible schools, groups of schools, or districts must apply to be CEP. They do so through creative and different mechanisms to align with federal guidance. Vermont, Colorado, and Michigan groups and then directs schools on whether they should be CEP, Provision 2, or neither. Maine and Massachusetts mandate schools must maximize federal funds but do not have laws stating how. All states provide levels of encouragement—ranging from email reminders to direct and targeted technical assistance—to schools that would benefit from applying to be CEP or Provision 2. Minnesota had a $0.125 per meal reimbursement for CEP schools before universal free meals were available, which it has continued and indirectly provides schools incentives to apply to be CEP.

Compared with Colorado. In its first year, Colorado required SFAs opting into HSMA and eligible for CEP to adopt CEP to maximize federal reimbursements. In its second year, Colorado used an operating recommendation tool built by Northbound Ventures, which determines whether CEP, Provision 2, or normal operations maximize federal reimbursements for each school. For schools recommended for CEP, the tool groups schools into single entities or clusters to maximize federal funding and identifies whether schools eligible for CEP would receive higher federal reimbursements under Provision 2. Schools must apply based on the state recommendation if they wish to participate in HSMA.

Direct Certification

Another way to increase federal reimbursements is to ensure as many eligible students as possible are directly certified. All states must directly certify students three times annually, and many use integrated data systems to do this. Several states require districts to directly certify students monthly to try to capture students who are newly eligible. Michigan encourages schools to use the best practice of using refreshed data bi-weekly. All states with universal free meals have expanded Medicaid and are participating in the Medicaid Direct Certification Demonstration Project to count as a direct certification mechanism.

Compared with Colorado. CDE requires SFAs to process direct certification a total of four times for required uploads. CDE best practices suggest that all SFAs complete the direct certification process monthly or more frequently, to identify students promptly as new student data is added to the direct certification system. In addition, beginning in SY 2023–24, CDE mandates that one person from each SFA is trained annually on direct certification matching.

Form Collection

States with universal free meals still encourage schools to collect meal applications, where allowable. Household income forms are particularly crucial for schools operating under Provision 2 during the base year, and the traditional NSLP and SBP to determine the maximum federal reimbursement possible. States note the challenge in communicating the need to families, as it is no longer intuitive to turn in meal applications when students are receiving free meals. Most states have communications on their school nutrition websites explaining the need for forms. Additionally, several states are focused on gaining insights on family income through different forms. For instance, Vermont created the universal declaration of income form to gather information for several purposes, such as for direct certification and Title I. Massachusetts similarly has a supplemental income form, which schools can encourage families to complete through nonfood benefits, such as reduced athletic fees.

Compare to Colorado: HB24-1390 required CDE "to create a policy for SFAs to maximize the collection of household income application forms for NSLP to increase federal funding for the program." SFAs that participate in HSMA will implement this policy to "maximize the collection of household income application forms."[50] CDE created an official policy that provides application processing, outreach and awareness, and guidance to maximize free and reduced-price meal applications or combination forms for sites not operating CEP (CDE n.d.-c). SFAs operating CEP at all sites and Provision 2 sites in their non-base years are not subject to this policy. More information about CDE's

form collection best practices and guidance can be found in the "Best Practices and Guidance" section of this report.

Local Food

Some states have tied local food and food producers to their universal free meal programs. For instance, in Maine, there is a $3:$1 match (up to $5,500 annually) for schools to purchase locally sourced foods. New Mexico provides up to $1,000 per school (or $0.10 per lunch) through the New Mexico Grown program. At least 7 percent of those funds are to be used for unprocessed or minimally processed foods. New Mexico will also be implementing rules for participating in universal free meals about locally purchased foods, scratch-cooked foods, culturally relevant meals, and engaging students and families in menu development. While not part of universal free meals, Michigan has 10 Cents a Meal, which allows districts to be reimbursed up to $.10/meal served through the $4.5 million annual grant program for using Michigan grown minimally processed or whole foods.

States noted that beyond these programs, schools participate in the federal grant programs to purchase school food and often coordinate with other state offices that focus on local agriculture. Massachusetts and Minnesota specifically noted that schools being able to purchase more locally, despite those states not offering specific incentives, seemed to be key to political support for the program.

Stakeholders note local food is almost always more expensive than commercially bought products. Additionally, local food is not equally available across all school districts in geographically large states. Yet, purchasing food locally creates a more robust local food system, where funds are going back into the schools' communities.[51] Although we did not find US-based economic impact studies related to this phenomenon, we did hear how these additional components broadened the base of support for universal free meal programs—for those wary of the food programs' costs. They could justify it when it might create or maintain jobs in their communities.

Before universal free meals were available, Vermont had already legislated that schools should purchase 20 percent of their food from local vendors, and the state began a grant program to defray costs. This competitive grant program requires schools to create a plan, hire a coordinator, and conduct data reporting. Through the grants, schools can receive between $0.15 and $0.25 per lunch (on a sliding scale) from the prior school year based on the percentage of locally grown foods they purchased in the prior year. Michigan also has a pre–universal free meals program called 10 Cents a Meal. This program

allows districts to be reimbursed by the state up to $0.10 per meal, with many administrative reporting requirements. The state allocates approximately $4.5 million annually for this program.

Compare to Colorado: Colorado's original HSMA legislation was intended to "provide grant funding to school meal providers to: purchase products grown, raised, and processed in Colorado to include in school meals," as well as receive technical assistance via a nonprofit organization to support collaboration between schools, communities, and local food growers starting in SY 2024–25 (among other elements).[52] However, HB24-1390 delayed these portions of HSMA until SY 2025–26 , depending on available appropriations.[53] More information about CDE's local food procurement initiatives can be found in the "Best Practices and Guidance" section.

Food Waste

Food waste has long been an issue of study in school nutrition but is given varying levels of focus across states (Shanks, Banna, and Serrano 2017). The strongest focus on food waste is in New Mexico, where the state added provisions about food waste to universal free meals legislation. The law calls for up to 20 minutes of seated lunch for K–5 students and shared tables. The state also has a food waste coordinator in the department of education. Massachusetts will soon issue a report on food waste in the state, an issue the state has engaged academic experts on. Maine is doing small pilots with a university center in three to four schools per school year. Other states note they share best practices with schools.

State nutrition leaders note that there are challenges beyond their control to reducing food waste. Primarily, the limited time allocated to eating and not counting eating as instructional time limits school nutrition leaders' ability to optimize food further. For instance, if students had more time to choose the food they wanted while nutrition staff still ensured they were meeting federal requirements, it would take more time. This is impossible because long lines and limited time mean students are already rushed when eating. Efforts to increase time for meals and thus potentially decrease food waste is challenging because of other systems that would need to be changed (e.g., class scheduling, staffing, counting instructional minutes), even when legislated to do so.

Compare to Colorado: One of HB24-1390's requirements included investigating how to minimize food waste as a cost reduction measure. CDE provides specific guidance on several elements that can contribute to or reduce food waste, including offer versus serve and the provision of salad bars and share tables. CDE also acknowledges the need for additional eating time and provides best practices around long meal service lines. More information about CDE's food waste best practices and guidance can be found in the Best Practices and Guidance section.

Innovations and Challenges

States are proud of their ability to serve meals to many more students. As in Colorado, state nutrition professionals speak about the impact of well-fed students with anecdotes about more timely morning arrivals, better attendance, and increased ability to focus and learn. States note students are eating higher-quality meals with more locally produced food. One state nutrition leader even noted an ancillary benefit: school meals are the biggest source of nutrition education students get in their K–12 school context. None of the states interviewed have measured the academic and behavioral impacts of universal free meals (though Minnesota is exploring trends in attendance, discipline, and test scores currently), but prior research on universal free meals finds providing meals at no cost for all students results in improved test scores, decreased behavioral incidents, and improvements in familial food security and grocery budgets (Ruffini 2022; Gordon and Ruffini 2018; Handbury and Moshary 2021; Marcus and Yewell 2021; Handbury and Moshary 2021; Marcus and Yewell 2021). We highlight innovative practices at the state level and challenges shared across contexts that expand upon many already mentioned.

Highlighted Innovations

- California allows applications for free and reduced-price meals to be used, with consent, to automatically apply for Medi-Cal (Medicaid) through an accelerated process. This reduces the administrative burden on families to receive health insurance. If students and their families are approved, the student would be directly certified. More directly certified students increase the federal reimbursement for free meals and reduce the costs for the state.
- Massachusetts encourages districts to become Supplemental Nutrition Assistance Program (SNAP) outreach partners. SNAP outreach partners receive federal funds to conduct outreach to families. Like the logic of the Medi-Cal accelerated process in California, this allows families to more easily apply for SNAP (food benefits), and if they are approved, the students will be directly certified.
- Maine and New Mexico, like a few other states, provided one-time funds to upgrade kitchen equipment before starting universal free meals. This has been important to handle the increased demand for school meals.
- Michigan created an online course for school personnel to better understand the new universal meals program.[54]

- When passing universal free meals, Minnesota also updated provisions related to its school funding formula. These legislative changes updated Minnesota's funding formula to no longer rely on free and reduced-price meal applications as a measure of student poverty to allocate aid to districts. But to ensure schools are not negatively affected by this future change, the state enacted hold harmless provisions for two years.
- Vermont has language in its legislation for schools to encourage universal free meals, with suggestions such as counting eating during class as instructional time.

Shared Challenges

Other than as it relates to the revenue mechanism for Colorado, all challenges related to universal free meals we heard in stakeholder engagement were shared by other states. The primary challenges that emerged from the state interviews include the following.

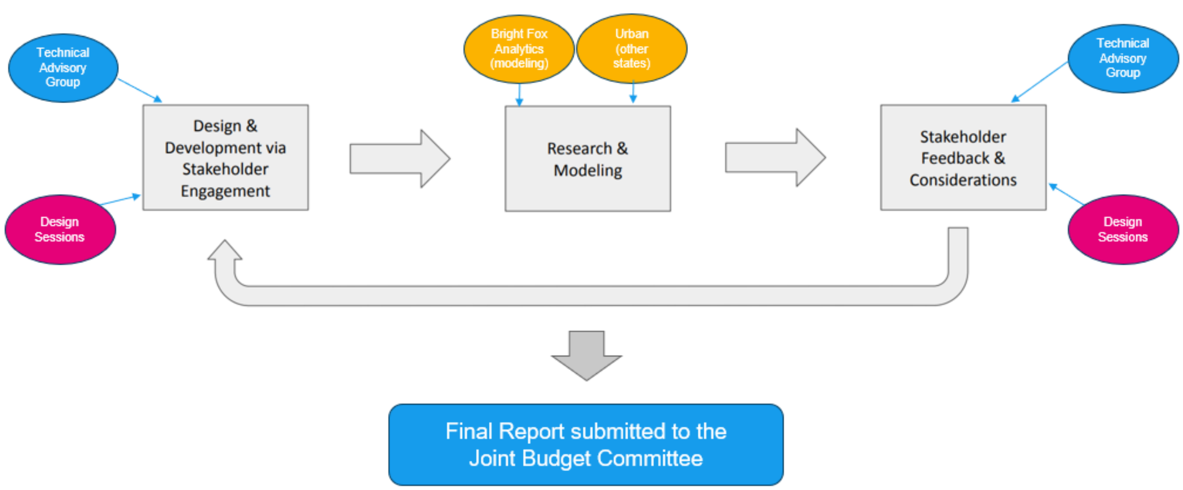
- **School nutrition staffing.** Postpandemic, hiring and retaining staff has been challenging across most states.
- **Time to serve and eat.** All states noted challenges to the limited time students are allocated to get food and eat. Similarly, states shared challenges about long lines. Although states have worked to make lunch more efficient, students still have limited time to eat. Even the one state that has mandated minimum time for elementary students said not all schools have implemented this, and long lines and rushed lunches still occur.
- **Justifying the program.** Some states noted the challenge of educating legislators about the complicated nature of the federal reimbursement structures. Two states shared the challenge of justifying the program's cost to legislators (though other states shared how popular the program is with legislators).
- **Collecting forms.** Several states also noted challenges in getting families to fill out free and reduced-price meal forms, as it is hard to communicate the necessity to families whose children are eating for free, regardless of form completion.

Other challenges. A few other challenges state officials noted included an inability to account for a high cost-of-living, increased food prices, and limits to how much kitchen infrastructure can be modified (i.e., small schools or older schools where physical changes to accommodate the huge increase in preparing and serving are impossible).

7. Stakeholder Engagement Process

While developing the stakeholder engagement process and during the process itself, the Urban team worked with TAG participants to ensure clear goals and strategies for stakeholder feedback, suggest and group key stakeholders for focus group design sessions, and create public feedback materials for public comments. The stakeholder engagement process involved an ongoing feedback loop where Urban facilitated the information sharing between TAG participants, key stakeholders who participated in design sessions (i.e., focus groups), and the public via public feedback forms (figure 7.1). For example, Urban facilitated biweekly TAG meetings, collected information and data from TAG, presented HSMA policy options and information to key stakeholder focus groups, gathered information from key stakeholder focus groups and the public via public feedback forms, reported back to TAG participants, and so on. This iterative process bridged contributions from TAG members and stakeholders, ensuring that contributions from both were continuously integrated.

FIGURE 7.1
Stakeholder Engagement and Feedback Loop Process



Source: Urban Institute.

In alignment with the primary goal of leading an open and transparent engagement process, Urban, TAG participants, and CDE developed a two-phase engagement process (figure 7.2). The first phase aimed to gather insights on existing policy suggestions, better understand stakeholder values associated with the HSMA program, and solicit new policy ideas. The first phase included gathering

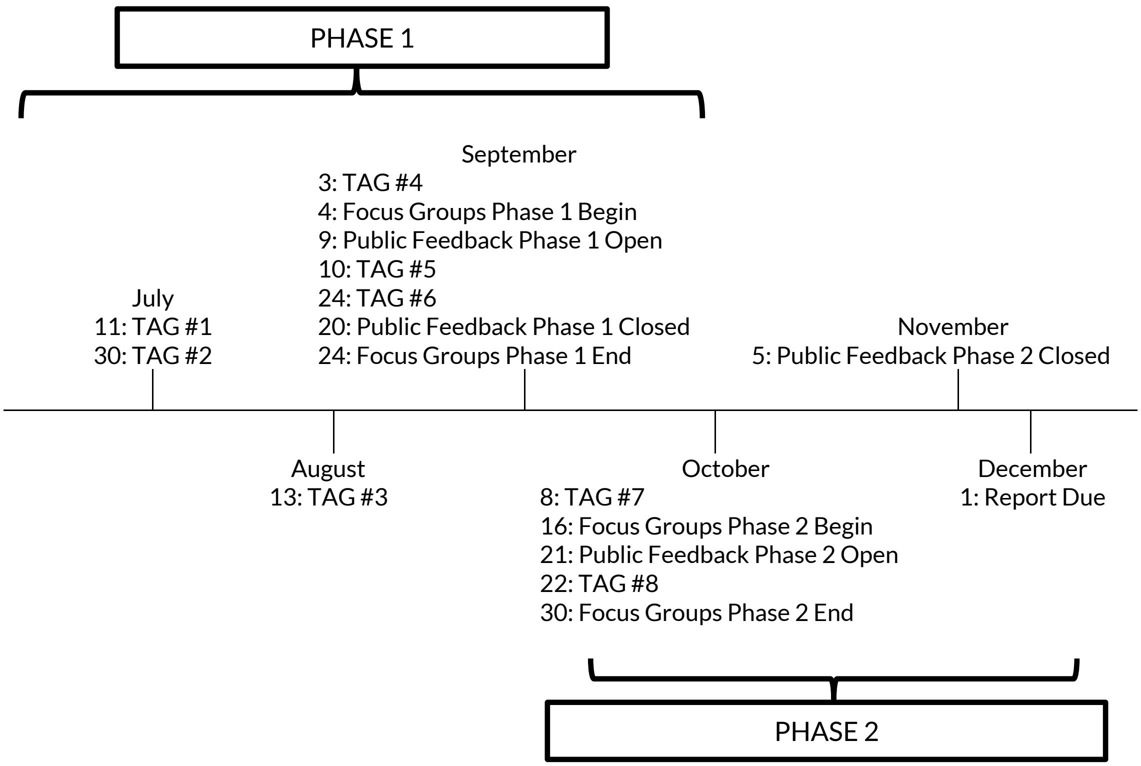
input about options to balance program revenues and expenditures that were initially presented to the JBC.[55]

The Urban team facilitated focus groups in September. Each focus group was conducted virtually, and participants were asked to represent their organization's views. After each focus group, participants received a postmeeting link to include additional perspectives not discussed during the focus groups. Similar information was collected from the general public. A public feedback period was open via a form hosted on the CDE website from September 9 through September 30. It was available in English and Spanish. The public feedback form was posted on CDE's website and widely distributed using CDE newsletters. TAG participants were encouraged to distribute the public feedback link and encourage individuals to submit responses.

The second phase was designed to share all policy options gathered throughout the TAG and stakeholder process, provide additional information on each option (e.g., projected financial impact and alignment with HSMA priorities as suggested by stakeholders), and request stakeholders prioritize the policy options based on three fiscal scenarios. These were done via focus groups in October and a public feedback period open from October 21 through November 5.

FIGURE 7.2

Timeline of Two-Phase Stakeholder Engagement Process



Source: Urban Institute.

8. Stakeholders

Technical Advisory Group

HB24-1390 required CDE to convene a TAG to help the state make HSMA sustainable.[56] The legislation calls for CDE to collaborate with school districts, OSPB, and a representative from the Colorado Department of Agriculture. In addition to the named collaborating agencies, LCS and Joint Budget Committee staff were required to provide technical assistance for TAG (see appendix A for a list of TAG meeting attendees).

TAG attendees met eight times, typically once every two weeks for 90 minutes, from July through October 2024. Meetings covered a set of planned topics with presentations from attendees and group discussion, as well as topics emanating organically from TAG participant interests.[57] TAG attendees also contributed outside the meetings by providing feedback, ideas, data and technical assistance. Information shared outside the meetings was summarized during the subsequent TAG meeting.

Meetings in Brief

In the first two meetings, TAG attendees set out an initial list of values aligned with the intent of the HSMA legislation to aid in analyzing policy options:

- *Universality* - HSMA should be accessible to as many students in the state as possible.
- *Equity* - Low-income students or students who may traditionally be food insecure should be prioritized in decisionmaking.
- *Administrative feasibility* - Policy options should not pose excessive undue administrative burden on the state or school districts.
- *Long-term sustainability* – Policy options that provide long-term sustainability to HSMA should be prioritized over short-term solutions.
- *Impacts to families and districts* – HSMA should be clear, straightforward, and easy for both families and districts to navigate and use.
- *Rural versus urban impacts* – Policy options should ensure that students in both rural and urban areas have equal access to HSMA.

- *Maximizing federal funding* – Policy options that maximize the opportunity for federal reimbursement and reduce fiscal burden on the state should be prioritized.

In meetings 2 and 3, TAG attendees reviewed the stakeholder engagement plan and contributed to a list of key stakeholder organizations to invite to focus groups. The engagement plan built off plans CDE had built to (1) hold design sessions to gather insights and policy options, (2) add information and research to those options, and (3) reengage stakeholders to refine options and prioritize solutions. Stakeholder engagement took the form of focus groups for invited organizations and public feedback forms that were open to anyone. TAG attendees also reviewed and contributed to the protocol and script for the first phase of design sessions (focus groups and public feedback).

During this time, TAG attendees also iterated other research that would be useful to inform decisionmaking. The topics that emerged included learning about other states with policies similar to HSMA and analysis of state school food expenditures and available district-level data.

In meeting 3, school nutrition personnel from Jefferson County Public Schools and Greeley-Evans School District presented to TAG attendees to provide the district nutrition director perspective on HSMA's implementation in 2023–24, including their overall experience with the program, pressures and challenges, and recommendations for funding the gap in revenues and expenditures.

In meetings 4 through 7, TAG attendees devoted time to hearing summarized feedback and new policy options from stakeholders, analyzing each original option presented previously presented to the JBC and new options from stakeholders, developing an extensive list of policy considerations for each, and requesting participants to model revenue, expenditure, and policy options. Throughout this process, TAG attendees asked questions and provided feedback about stakeholder engagement, provided expertise about revenue and expenditure modeling, and had time to develop and refine new policy options. This was an iterative process where feedback directly informed next steps by the Urban Institute, CDE, and TAG participants.

In the last meeting (8), Urban provided updates on the second phase of focus groups and public feedback, summarized how other HSMA states have approached their programs, and finalized the scenarios and estimated expenditures and revenues under each option to be used in the final report.

Focus Groups

CDE identified an initial list of stakeholders to engage in design sessions (i.e., focus groups). The list of stakeholders was presented to TAG attendees at the kickoff meeting on July 11. During this meeting,

Urban solicited additional stakeholder organizations that should be included to ensure organizations previously engaged in conversations about HSMA, and a wide range of stakeholder perspectives (in role and geography) were included. Stakeholders were categorized into five major groups based on similar backgrounds, contexts, and perspectives: school and food administrator associations, families, students, school districts, and advocates. Urban subsequently made a group of Spanish-speaking stakeholders to ensure language accessibility. The list of stakeholders was finalized and approved by TAG attendees at the August 13 meeting.

Urban invited 61 stakeholders to participate in focus groups (see appendix D for a complete list of those invited). Because of time constraints and the scope of engagement, Urban asked that only one representative from each organization participate in the focus group. The Spanish-speaking focus groups were facilitated by a bilingual Urban Institute team member.

IRB Approval

Before reaching out to stakeholders, Urban sought and received IRB approval to conduct these virtual focus groups, particularly for focus group participation among children younger than 18.

Publicly Available Information

Additional information about focus group participation, as well as summarized notes and, in some cases, recordings are publicly available via CDE's website.[58]

Phase 1 – September 2024

The first phase of focus groups focused on four main themes:

- Ensuring stakeholders had a shared understanding of HSMA and the sustainability challenges,
- Identifying priorities and values around HSMA,
- Discussing and identifying policy considerations associated with the five initial policy options presented to the JBC in March 2024, and
- Identifying any additional policy options for the JBC to consider.

Additional details about the first phase of focus groups include the following (see also appendix E):

- Ten focus groups were conducted from September 4 through September 24. This represented 45 organizations and school districts.
- CDE facilitated outreach with one point of contact from each organization, and Urban facilitated scheduling. Despite multiple attempts, Urban could not schedule a focus group with school district executives or student leaders in the Colorado Youth Advisory Council in September.
- Prework included CDE's HSMA website, guiding questions, and the JBC memo about the initial five options.[59]
- Participants were provided a link to share additional thoughts and resources following the focus group and were reminded to share the public feedback form with their networks.
- Urban Institute facilitators provided explanations of the options and answered questions.

Phase 2 – October 2024

The second phase of focus groups focused on providing stakeholders all available information on the policy options to date so they could prioritize available options for the JBC report. Additionally, this phase allowed Urban to better explain the potential revenue scenarios—given updated information gathered through TAG meetings—to key stakeholder groups. The policy option information was developed using input from the first phase of focus groups, TAG meetings, and the first public feedback period. Input on revenue and expenditures provided by LCS and OSPB for the September 19 JBC meeting and additional insights including projections from Bright Fox Analytics were used by Urban to create scenarios for the stakeholders to consider. Urban conducted 10 focus groups from October 16 to October 30, comprising 31 organizations and school districts (27 participated in phase 1, and four were newly participating).

Additional details about the second phase of focus groups include (see also appendix E):

- All stakeholders invited to the first phase were invited to the second phase, regardless of their participation in the first phase.
- Participants were given a pre-read that provided high-level information about all policy options gathered to date, grouped into three categories: cost containment and cost reductions, alternative financing, and revenue raising. For each option, participants could review the estimated financial impact (when available). Each option also included considerations across dimensions, including universality, fiscal sustainability, state administrative feasibility, district

administrative feasibility, impact on families, impact on districts, whether it can create reserves, whether it was affected by federal tax changes, and what research is available.

- During the focus group, the Urban facilitator walked through the 27 policy options, provided high-level information, and answered questions.
- All stakeholders invited to focus groups were directed to the public feedback form to share with their members who could not attend the focus groups to submit their preferences.

During the focus groups, the Urban Institute facilitator walked through a slide deck explaining 27 policy options that emerged from stakeholders and TAG attendees, including a summary of the key considerations for each. Participants were given the opportunity to ask questions throughout. Stakeholders were then presented with a list of the 17 options that could result in either a revenue increase or expenditure decrease.

The Urban facilitator then walked through the different considerations that make predicting sustainability and weighing risk complicated in Colorado. The facilitator explained that the numbers presented were estimates and those estimates are based on assumptions that would be further revised and detailed in this report. The stakeholders were cautioned that even though the details of policy options, especially the financial estimates, were based on the best estimates and other states' experiences, they were only estimates and subject to change. The facilitator noted reasons for this, which are outlined in Complicating Factors and Assumptions Associated with HSMA. The facilitator also provided an overview of how the funding mechanism for HSMA, which operates through Colorado state tax law, is closely tied to federal tax law. The facilitator explained that the gap in funding for HSMA depends largely on whether federal tax law changes, especially TCJA. The facilitator also mentioned possibilities, such as recessions, that could affect program sustainability.

The facilitator explained three hypothetical scenarios in which legislators would need to either increase revenue or decrease expenditures for HSMA to ensure its sustainability. The purpose of this was to help legislators understand how stakeholders prioritize options in the wide range of potential future economic and tax law scenarios. Under each scenario, participants were instructed to rank their top three options separately for revenue raising and alternative financing options and for cost-reducing options based on the information they had. Participants were reassured that this information would not be interpreted as stakeholders advocating for any of these options, especially the cost-reducing options. This was reiterated multiple times in nearly all focus groups, as stakeholders were concerned about the prioritization results being misinterpreted.

The facilitator explained that legislators were potentially going to have to make tough choices, and the stakeholders could use this opportunity to help them communicate and illuminate which options, according to their opinions and experiences, are most preferred. Across all focus groups, participants were not in favor of cost-reducing options, and participants needed reassurance that their answers would not be misinterpreted and that legislators would find the priorities helpful in their decision making. Facilitators helped participants by asking them to think about the least bad option, if they felt all were bad options.

The facilitators presented early versions of the three scenarios for the ranking exercise, which therefore differ slightly from the scenarios presented in this report under the estimates sections. All scenarios included HSMA elements being reinstated as outlined in current law.

- In the "easy" scenario, the federal TCJA deduction elements are extended, meaning revenue continues similar to what it is now. There is no immediate recession. But the state needs to ensure about $10 million a year is put into a reserve to help with future recessions or other changes.
- In the "medium" scenario, some of the TCJA deduction elements are extended, meaning revenue is reduced or a recession potentially occurs. In this scenario, the state needs to close the gap by $20 million a year.
- In the "hard" scenario, none of the TCJA deduction elements are extended, meaning revenue is severely reduced. The state needs to close the gap by $40 million a year.

Public Feedback

CDE aimed for an open process where the public could provide input similar to focus groups but at scale. Anyone interested in or affected by HSMA could provide their input, including additional members of groups and organizations invited to the focus groups. TAG attendees and the Urban team collaborated to create questions that captured the main topics of the first-phase focus groups and nearly exactly the same content and prioritization exercise of the second-phase focus groups. Contributors were required to share their roles as they related to HSMA (e.g., parent, government or school official, or taxpayer) but could choose to remain anonymous.

The public feedback forms for both phases were distributed to TAG participants and focus group participants with a request to share with their networks and were distributed to CDE's stakeholders through *The Dish*—CDE's nutrition newsletter—as well as the department's social media channels, a list

of stakeholders who had signed up to receive more information about HSMA at previous legislative hearings, and other interested parties. The forms were hosted on CDE's website in English and Spanish, and data from the forms were analyzed by the Urban Institute. For phase 1, CDE provided translation services before analysis.

Phase 1 - September 2024

The first public feedback period was open on CDE's website for three weeks from September 4 through September 24. The questions can be found in appendix F. The questions were available in both English and Spanish.

Phase 2 - October through November 2024

The second phase of public feedback largely mirrored the second-phase focus groups. The second public feedback period was open on CDE's website from October 21 through November 5. The questions can be found in appendix G. The questions were available in both English and Spanish.

CONTENT

The public feedback form provided respondents a summary of the difficulties for HSMA being sustainable and the purpose of the feedback, and it provided respondents a list of policy options, their associated estimates of costs and revenues, and an explanation of the major elements that might affect the success of these policy options (appendix H). Respondents were then presented with three hypothetical scenarios and were asked to provide the first, second, and third preferences among policy options that would find alternative funding or raise revenue and cut costs.

- In the "easy" scenario, the TCJA deduction elements are extended, meaning revenue continues similar to what it is now. There is no immediate recession. But we had to ensure about $10 million a year is put into a reserve to help with future recessions or other changes.
- In the "medium" scenario, some of the TCJA deduction elements are extended, meaning revenue is reduced or a recession is happening. We need to close the gap by $20 million a year.
- In the "hard" scenario, none of the TCJA deduction elements are extended, meaning revenue is severely reduced. We need to close the gap by $40 million a year.

Several respondents expressed discomfort prioritizing cost-cutting options. In these conversations, Urban and CDE explained that answers would not be interpreted as respondents advocating for these

issues and that this was an opportunity to help legislators understand, based on respondent opinions and experiences, which of the options were preferred over others. Urban also noted the challenge of providing enough information to stakeholders to understand the nature of highly complicated public policy, budgeting, and taxation while making it as accessible as possible.

9. HSMA State Desk Research and Interviews

To understand the policies and practices in other states that have implemented universal free meals, Urban conducted desk research using publicly available sources, interviewed state leaders representing five different states, and followed up with additional online research and fact checking with each state.

Desk Research

Urban first identified states that have successfully enacted universal free meals postpandemic. Several national organizations, such as the Food Research and Action Center and the New York City Food Policy Center, track school meal and universal free meal policies at the national and state levels.[60] As of September 2024, Urban identified eight states, including Colorado, that had passed and implemented universal free meal policies. CDE also identified three states that had expanded their free and reduced-price meal eligibility at the state level.

Our initial research examined the basics of each state's policy, program implementation at the state level, and related initiatives that shape each state's school nutrition policy. Each state's legislative portal, state budget website, and school nutrition guidance website proved invaluable for collecting the information. Urban supplemented these sources, or identified them, using press releases, news articles, and advocacy websites. Our research focused on legal authority for universal free meals, including the bills that supported the new policies; existing school nutrition policy; and state budget documents. Urban also identified other components included in legislation, such as investment in kitchen infrastructure, workforce development, and local food initiatives. Urban also examined legislative and state department of education guidance documents to understand whether and how states require schools to maximize federal funding to qualify for universal free meals. Finally, Urban used state departments of education documents to research meal participation rates and how they changed before and after implementing universal free meals. Urban also used the Urban Institute's state fiscal briefs to help understand each state's broader budget and taxation landscape.[61]

Urban next identified which HSMA states were similar to Colorado in such areas as student enrollment, political landscape, rurality, and share of students eligible for free and reduced-price meals. The other important dimension Urban considered was how states funded their universal free meal policies, and Urban identified states that used specialized taxes to fund their programs. Based on those

considerations, Urban identified California, Maine, Massachusetts, Minnesota, and New Mexico as states to engage in interviews. For the three states that have expanded free and reduced-price meal eligibility, Urban conducted only desk research. All the research Urban used is identified in our sources and references.

Interviews

Urban shared initial desk research findings, as well as suggestions of states to interview, with the TAG attendees for their questions and approval. Based on prior working relationships, CDE then contacted directors of school nutrition in California, Maine, Massachusetts, Minnesota, and New Mexico on behalf of Urban to a request an hour-long conversation on their state's HSMA policies. Urban conducted interviews with all five states from September 30 – October 7. For all states, Urban identified topics of interest and areas where Urban needed more information, such as

- planning for sustainability (e.g., forecasting participation, planning for economic or political changes, and understanding cost drivers),
- maximizing federal funding (e.g., CEP optimization and best practices for form collection),
- measuring program success, and
- state-specific programming (e.g., food waste and local food initiatives).

During the interviews, Urban asked state-specific questions about these topics to fill in knowledge gaps or to confirm information Urban had already found. Urban also left time for state officials to provide additional information and to ask questions. The questions that emerged generally revolved around trying to understand Colorado's tax mechanism, the challenge with the state providing supplemental funding, and the ways Colorado officials are analyzing and forecasting data. Interviewees also expressed eagerness to read the report when it was complete.

Urban then followed up with interviewees to check or amend any information and to fill in any additional knowledge gaps. Urban was able to confirm all information with nutrition leaders from interviewed states with the exception of Massachusetts and Vermont. Urban prioritized information from interviews over desk research if any discrepancies arose. Urban also requested more information from the two states where Urban had not interviewed officials, Michigan and Vermont. After these interviews, Urban compiled lessons from our interviews and desk research to create a full landscape overview of universal free meal programs for all HSMA states (appendix B).

10. Revenue and Expenditure Estimates

This report includes several revenue and expenditure projections based on estimates provided by Bright Fox Analytics, LCS, and OSPB. The estimates were provided based on specifications designated by the TAG attendees and the advice of the authors of this report. **Expenditure estimates here and throughout the report do not include the costs to implement the delayed grant programs and staffing costs associated with HSMA (an estimated cost of more than $32 million annually), as they are dependent on available appropriations. They also do not include additional amounts needed to create a reserve to sustain the program in case of a recession or other unexpected changes (a goal of 40 percent of one-year of expenditures). These estimates should not be considered fiscal notes or official projections of the state unless otherwise noted.** Rather, they should be used by legislators to provide general information about the sustainability of HSMA under potential policy options.

Revenue Estimates

LCS and OSPB shared publicly available revenue estimates with the Technical Advisory Group attendees and provided expert support throughout the process. In addition to providing baseline forecasts that were shared with the Joint Budget Committee and the public on September 19, 2024, Urban requested updated revenue estimates related to Proposition FF and HSMA based on a series of three scenarios: easy (TCJA extension), medium (TCJA expiration), hard (TCJA expiration and a recessionary scenario). In these scenarios, both agencies include the total amount of collections, which means the amount of revenue over the Blue Book estimates are included (and would need to be reduced if the retention measure fails). Both agencies were asked to forecast a recessionary scenario, which is challenging because of the variation in what a recession could mean for the state. **The scenarios forecasted were for the purposes of this report only and should not be taken as the agencies' forecast for the state or the economy generally.**

OSPB Revenue Estimates

OSPB uses two main variables to forecast the HSMA revenue stream: Colorado personal income expectations and the projected number of qualifying individual tax returns at $300,000 adjusted gross income or above, with the expected amount of average tax revenue allocated to HSMA from these

returns. OSPB receives monthly data from the Department of Revenue on the number of qualifying tax returns and tax revenue allocated to HSMA received that month and adjusts its expectations accordingly based upon those data and any shift in Colorado personal income expectations, which is part of OSPB's economic forecast model.

OSPB's current baseline forecast, most recently published in September 2024, expects healthy personal income growth in the state from 2024 through 2026 (a three-year forecast window). OSPB also projects slow but consistent growth in qualifying filers at $300,000 or above in tax years 2024 and 2025, with a small acceleration off that growth in tax years 2026 and 2027. OSPB also assumes the expiration of individual income provisions within the TCJA, which would expire in tax year 2026 under current law. This results in a reduction of revenue allocated to HSMA of approximately 40 percent, as the expiration of higher standard deductions within the TCJA would result in the federal standard deduction falling below the deduction limit for individual filers provided for with Proposition FF and slightly above the deduction limit for joint filers. More information related to how these tax policies affect HSMA revenue can be found in the OSPB September 2024 forecast (OSPB 2024, 52–55).

The "medium" scenario outlined in this report reflects the official OSPB baseline forecast as of September 2024. The "easy" scenario reflects holding current federal tax policy constant. This results in additional revenue compared with the medium forecast, as qualifying tax returns and personal income are expected to grow over the forecast period, and the potential expiration of TCJA provisions is the sole reason revenue is projected to decrease under the baseline medium scenario.

The "hard" scenario reflects the combination of TCJA provisions expiring and impacts from a recession on HSMA revenue. In this recession scenario, OSPB attempted to re-create impacts similar to the Great Recession while concentrating the job and income losses more on higher-income earners. In this scenario, OSPB assumes a softening economy in 2025 with the recession to take place in 2026. In this scenario, OSPB expects qualifying tax returns of $300,000 or above to decline by 0.6 percent in 2025, as the economy weakens, and then to fall further by 10.0 percent in 2026, as the economy fully enters a recession. The number of qualifying tax returns declining over those two years represents a combination of job losses and lost gross income. In 2009 and 2010, Colorado saw statewide job losses of 4.5 percent and 1.0 percent, respectively. The declines of 0.6 percent and 10.0 percent in qualifying tax returns in this scenario are included to mimic job losses that are concentrated on higher-income earners (though the actual job declines would be less than those reflected here, as some of the loss in qualifying tax returns would be solely from gross income loss, not job loss). OSPB also assumes statewide personal income growth to decline by 5.0 percent in this scenario.

For the hard scenario, this results in $67.1 million in estimated revenue for FY 2026–27 (the first full-year impact of both the TCJA expiring and a recession). The hard scenario results in $86.7 million less revenue allocated to HSMA compared with the easy scenario. Of that reduction, $62.3 million (72 percent) of the loss is attributed to the expiration of the TCJA, while $24.4 million (28 percent) is attributed to the recession. Although a recession would cause budgetary constraints on HSMA, OSPB views the expiration of the TCJA as a greater risk to the revenue stream. But attempting to forecast hypothetical recessionary impacts to this revenue stream is difficult with a wide band of uncertainty.

Overall, there is significant uncertainty in forecasting this revenue stream, which is largely caused by uncertainty around federal tax policy moving forward and its downstream impacts on HSMA revenue. Further, this is a new revenue stream that still does not have a complete year of data. Final tax return and revenue data for tax year 2023 will be provided by the Department of Revenue in December 2024, which will close out the first tax year for this revenue stream. OSPB will submit a report to the Joint Budget Committee on December 1, 2024, on final tax year 2023 HSMA revenue, and provide updated forecasted revenue expectations.

LCS Revenue Estimates

LCS prepares quarterly forecasts of income tax revenue attributable to the taxable income addition created in Proposition FF. Because Proposition FF first requires additions when completing tax year 2023 returns, and because extension returns may be completed through October of the following tax year, there is still not a complete year of actual return data on which to base future estimates. For the September 2024 forecast, the forecast methodology relies on Department of Revenue calculations of how much revenue the addition would have generated in prior tax years, Department of Revenue data on tax year 2023 revenue collected through August 2024, and the expected timing for filing 2023 taxes for individual income taxpayers in the affected income group. For tax years beyond 2023, expected revenue is increased in accordance with LCS expectations for the economy and accounts for the current-law expiration of the TCJA modifications to federal income tax deductions after tax year 2025.

The medium scenario above reflects the LCS forecast baseline published in September 2024. The easy scenario reflects the LCS forecast if the TCJA modifications did not expire. Renewal of the TCJA modifications to income tax deductions would allow for greater federal deductions than under the baseline (medium) scenario, which would result in more state tax revenue additions generating revenue to the HSMA Program Cash Fund.

The hard scenario reflects assumptions meant to illustrate the impact of a severe recession on this revenue stream. In each fiscal year, the hard scenario reflects the impact of a 30 percent decrease in revenue attributable to recessionary impacts on tax payments for tax years 2025, 2026, and/or 2027. A recession would reduce revenue by causing some taxpayers' incomes to fall below the $300,000 threshold for the state income tax addition, or by reducing the amount of federal itemized deductions claimed. Recessionary effects could partially offset this reduction by causing some taxpayers' incomes to fall in the $300,000 to $400,000 range where all revenue added back is credited to the cash fund, or by increasing federal deductions. The actual impacts of a recession would depend heavily on the recession's timing, its economic causes and effects, and respondent policy changes at the federal and state levels. Even with a recession, it is unlikely that the hard scenario would occur in all three fiscal years because the economy is expected to begin to recover no later than a year following the start of the recession.

Finally, the hard scenario is not expected to reflect the worst-case scenario for revenue to the cash fund. If federal tax law is modified such that the taxable income addition in Proposition FF no longer functions, revenue to the cash fund would fall to $0.

Expenditure Estimates

Base Expenditure Estimates

Bright Fox Analytics worked with CDE school nutrition staff to build a site-level (1,791 sites) quarterly model of state and federal expenditures for the school nutrition program **Expenditure estimates here and throughout the report do not include the costs to implement the delayed grant programs and staffing costs associated with HSMA (an estimated cost of more than $32 million annually), as they are dependent on available appropriations. They also do not include additional amounts needed to create a reserve to sustain the program in case of a recession or other unexpected changes (a goal of 40 percent of one-year of expenditures).** On a quarterly basis that can be summed by school/fiscal year, the model calculates state and federal expenditures as follows:

Average daily meals in the prior year for each quarter × user-defined participation growth assumption for each future year × SY 2023–24 average service days per quarter × projected reimbursement rates per meal

Calculations are specific to the meal (breakfast or lunch) and meal type (free, reduced-price, or paid). Further, for reimbursement rates, the model accounts for site-level program participation (e.g., NSLP or severe-need breakfast) and the CEP grouping recommendations (recommending whether a site should elect CEP, Provision 2, or normal operations to maximize federal funding) from analysis conducted during summer 2024.

SY 2023–24 actual average daily meal data for each site is increased by user-defined participation rates across the easy, medium, and hard scenarios (table 10.1). The same participation growth for any given year was assumed across all sites. Future estimates could explore different growth rates specific to each site once more data for SY 2024–25 become available in January 2025. Reduced-price meals were held flat, and free and paid meals were increased by 5 percent (easy scenario), 10 percent (medium), and 20 percent (hard) in SY 2024–25, followed by a 4 percent increase in SY 2025–26 and 3 percent increases across sites in SY 2026–27 across scenarios. Using multiple growth assumptions in SY 2024–25 is intended to illustrate a range of possible expenditures, given uncertainty in participation growth.

TABLE 10.1

Average Daily Meal Participation Growth Assumptions (Based on Prior Year)

Scenario	School year	Free	Reduced-price	Paid
Easy	2024–25	5%	0%	5%
	2025–26	4%	0%	4%
	2026–27	3%	0%	3%
Medium	2024–25	10%	0%	10%
	2025–26	4%	0%	4%
	2026–27	3%	0%	3%
Hard	2024–25	2%	0%	20%
	2025–26	4%	0%	4%
	2026–27	3%	0%	3%

Source: Bright Fox Analytics.

The model assumes actual reimbursement rates for SY 2024–25 and a projected increase in the reimbursement rates of 5.1 percent in SY 2025–26 and 3.2 percent in SY 2026–27 based on current US inflation expectations for food away from home (table 10.2).

TABLE 10.2

Meal Reimbursement Rate Assumptions

	Eligibility	SY 2024–25	SY 2025–26	SY 2026–27
Breakfast	Free	$2.37	$2.49	$2.57
	Reduced-price	$2.07	$2.08	$2.15
	Paid	$0.39	$0.41	$0.42
	State (reduced)	$0.30	$0.30	$0.30
Lunch	Free	$4.43	$4.66	$4.80
	Reduced-price	$4.03	$4.26	$4.40
	Paid	$0.42	$0.44	$0.45
	State (reduced)	$0.40	$0.40	$0.40
Additional	Severe need breakfast	$0.47	$0.47	$0.47
	Severe need lunch	$0.02	$0.02	$0.02
	Performance	$0.09	$0.10	$0.11
	State HSMA breakfast	$1.98	$2.08	$2.15
	State HSMA lunch	$4.01	$4.22	$4.35

Source: Bright Fox Analytics.

For sites recommended to use CEP to maximize federal funding, the number of free meals is determined based on the group free claim rate. The group free claim rate assumes estimates from the CEP grouping analysis, which recommended optimal groupings across sites within a district to maximize CEP eligibility under the 25 percent CEP-eligible student threshold to maximize federal funding. The group free claim rate is calculated as the share of CEP-eligible students in one or more sites multiplied by a factor of 1.6 up to a maximum rate of 100 percent of students.

For sites recommended to use Provision 2 to maximize federal funding, October 2023 base rates (share of meals that were free, reduced-price, or paid) were assumed.

RISKS TO THE ESTIMATES

The greatest risks to the expenditure estimates include the following:

- **Participation growth.** As mentioned above, participation growth is not known for SY 2024–25 and could be higher or lower than assumed in this forecast for SY 2024–25 and future years. Additionally, the participation growth assumptions are uniform across sites, whereas actual growth will vary by site and may result in higher or lower actual expenditures than estimated.

- **Economic activity and income changes.** If a near-term recession were to occur, changes to families' incomes would likely increase the number of students eligible for free meals via direct certification or meal applications, which could result in lower state expenditures for paid meals. For example, during the Great Recession, the percentage of Colorado students eligible for free lunch increased 4.8 percentage points from 28.6 percent in 2008 to 33.4 percent in 2010, while reduced lunch eligibility declined 0.3 percentage points from 7.2 percent to 6.9 percent. Conversely, should economic conditions improve for lower-income families, there may be a shift from free meals to paid meals, requiring higher state expenditures. That said, under HSMA, when meals are free for all, it is possible that families will not fill out the income forms because they are already receiving free meals. If this is the case, recessionary shifts toward federal funding might not be as great as in the past, and paid meal counts might be higher, requiring higher state expenditures.
- **Federal policy changes.** Federal policy changes for school nutrition programs also pose a risk to forecast estimates. For example, if the ISP threshold for CEP reverted back to 40 percent from the current 25 percent, state expenditures would be higher than estimated because of the loss of CEP eligibility (and higher federal funding) across many sites.

Policy Option Expenditure Estimates

For policy options that would reduce expenditures, the TAG attendees requested that Bright Fox Analytics estimate changes to state expenditures. Below, we outline changes made to the base expenditure estimates for expenditure-reducing policy options under the three scenarios requested by the TAG attendees.

- **Provide free lunch only.** Estimates simply exclude the state expenditures on paid breakfast from the expenditure forecast model under the 5 percent, 10 percent, and 20 percent participation growth scenarios. Estimates assume this option would apply to all sites.
- **Exclude high schools.** The school type was identified for each site included in the expenditure forecast model, and state expenditure estimates were then summed by school type. Estimates are limited to high schools only and exclude K–12 and junior high schools.
- **Exclude high school breakfasts.** The methodology for expenditure estimates is consistent with that outlined in excluding high schools above.
- **Cap the inflationary increase in the state HSMA reimbursement rate.** State HSMA reimbursement rates in the expenditure forecast model were frozen at SY 2023–24 rates for

subsequent years ($1.90 for breakfast and $3.85 for lunch), instead of allowing these rates to increase by actual and projected food-away-from-home inflation (4.5 percent in SY 2024–25, 5.1 percent in SY 2025–26, and 3.2 percent in SY 2026–27). Notably, the expenditure impact compounds with annual inflation increases and will continue to increase as a result.

- **Reduce the state HSMA reimbursement rate.** State HSMA reimbursement rates in the expenditure forecast model were reduced by $0.50, $1.00, and $1.50 increments. Assumed state HSMA rates are shown below under each of these reductions (table 10.3).

TABLE 10.3
State HSMA Rates by Reduction Amount

		SY 2025–26	SY 2026–27
Baseline - No Change	Breakfast	$2.08	$2.15
	Lunch	$4.22	$4.35
$0.50 Reduction	Breakfast	$1.58	$1.65
	Lunch	$3.72	$3.85
$1.00 Reduction	Breakfast	$1.08	$1.15
	Lunch	$3.22	$3.35
$1.50 Reduction	Breakfast	$0.58	$0.65
	Lunch	$2.72	$2.85

Source: Bright Fox Analytics.

- **Limit HSMA to CEP-eligible sites and based on ISP thresholds.** Site-level expenditure estimates under each of the participation growth assumptions (5 percent, 10 percent, and 20 percent) from the expenditure forecast model were sorted by ISP and summed across sites with an ISP above 25 percent and those above 40 percent. Where applicable, the group ISP was used. Otherwise, the individual site ISP was used. The 25 percent and 40 percent thresholds were selected because they reflect current and past ISPs and reflect a range of possible thresholds for CEP-eligible sites.
- **Provide HSMA based on district free and reduced-price lunch percentage.** Site-level state expenditures from the expenditure forecast model were summed across districts and sorted by FY 2023–24 free and reduced-price lunch (FRPL) percentages. Districts with FRPL percentages below 35 percent were assumed to be excluded from the HSMA program. For illustrative purposes, the figures in appendix I visualizes expenditures and thresholds under each of the

three scenarios for FY 2024–25. A threshold FRPL percentage of 35 percent was selected because it allowed sufficient cost reduction to meet the funding gap under harder scenarios and would allow for the accumulation of a reserve (see appendix I for figures related to these estimates).

- **Include cost-of-living measures in prioritization.** The TAG also explored how cost-of-living measures might be considered in prioritization of districts. The image—which visualizes FRPL, a cost-of-living factor, and urban and rural designations for Colorado's school districts—is available in appendix I.
- **Create a new poverty-level threshold for eligibility at the student level.** Because of data limitations, this policy option was not modeled but may be explored in future analyses. This policy option would require district-level counts of the school-age population living in households at various percentages of the federal poverty level (e.g., 200 percent, 225 percent, and 250 percent). Actual income data from the Colorado Department of Revenue could not be used because of data confidentiality concerns, and data limitations occur at lower-level geographies for other data sources, such as the American Community Survey and Current Population Survey. As a result, estimates may be subject to higher amounts of error.

Future modeling efforts might consider estimating income distributions for aggregated geographic areas (e.g., data for several counties in rural parts of the state) and applying these distributions to district-level student counts to estimate the number of eligible students. This would require additional revenue data, and data sources could include the American Community Survey, Current Population Survey, and Small Area Income and Poverty Estimates.

11. Stakeholder Engagement Results

Phase 1

Public Feedback

Because of the general open-ended nature of the questions, Urban employed large language model prompting techniques to analyze and summarize survey responses. The methodology integrates advanced natural language processing tools to extract meaningful insights and address specific research questions derived from the data. More information about this technique and the steps taken to analyze the data can be found in appendix J.

By the end of the first public feedback period, 445 people had responded. Respondents were required to submit their roles when filling out the public feedback form and could select more than one. Respondents were most likely to be parents, followed by government or school district employees, and taxpayers (table 11.1). "Other" respondents most often identified as a grandparent, a school food service employee, or community organizer.

TABLE 11.1

Public Feedback Phase 1: Respondent Roles

Role	Number of respondents	Percent of respondents
Parent	222	50%
Government or School District Employee	176	40%
Taxpayer	126	28%
Advocate	66	15%
Other (Please Specify)	22	5%
Producer	15	3%
Student	4	1%

Source: Urban Institute analysis. Counts of respondents.

Note: Respondents could select more than one role. Therefore, the total number of respondents is not expected to equal 445, and the total percentage of respondents is not expected to equal 100 percent.

Most public feedback responses will be incorporated later in the report when discussing potential policy options, but the public feedback questions covered several topics and included questions to prompt stakeholders to provide (1) policy solutions to balance HSMA expenditures and revenues and (2) the values that are important to the public as they consider potential solutions to make HSMA more sustainable.

Approximately 40 percent of respondents provided policy solution suggestions to bridge the gap between HSMA's costs and the revenue available to support it. Respondents provided answers that generally fell into one of three categories:

- Cost-reducing options revolved around reducing "wasteful spending," reducing food waste, and eliminating "nonessential" positions from the Colorado Department of Education.
- Revenue-raising options generally included increasing taxes on corporations and high-income earners (including changes to the original Proposition FF), implementing a statewide sweetened beverage tax, taxing ticket sales from sporting events or concerts, diverting lottery money, using other education funds (i.e., Title I, ESSER, grants), increasing a la carte prices, soliciting donations, reallocating the marijuana or tobacco tax revenue, or implementing changes to TABOR.
- The operational and programmatic changes suggested included limiting or prioritizing eligibility for free meals for students who "need it most," having school districts fund the gap, and lobbying the federal government for expansion of CEP, while others suggested eliminating HSMA entirely.

In response to the question "As policymakers compare potential policy solutions, what principles should they use to examine the pros and cons of each?" respondents could select more than one of the offered principles (table 11.2). Most respondents said that long-term sustainability should be a factor in determining policy option considerations, followed by impact on families and equity and accessibility for low-income students. "Other" suggestions included strengthening local agricultural ties, time for students to consume meals, whether the school meals affect student outcomes, and concerns about food waste.

TABLE 11.2
Respondent Prioritized Principles

Principle	Number of respondents	Percent of respondents
Long-term sustainability and ability to weather economic downturns	275	62%
Impact to families (changes ability to participate)	250	56%
Equity and accessibility for low-income students	241	54%
Ability for the state and schools to implement the program	226	51%
Effects are the same on all students	201	45%
No change to taxes	94	21%
Other	48	11%

Source: Urban Institute analysis of public feedback survey responses.
Note: Respondents could select more than one principle. Therefore, the total number of respondents is not expected to equal 445, and the total percentage of respondents is not expected to equal 100 percent.

In response to the question "If you have school-aged children, do they eat school meals? How has this changed under HSMA and why?" respondents who answered yes generally noted that the program reinforces the idea that providing healthy meals to kids while in school is "good for everyone." One respondent said HSMA "removed the perception that free meals are only for poor kids."

In response to the question "In what ways has HSMA been successful in your community?" respondents generally expressed positive sentiments, reporting improvements to accessibility, nutrition, and participation rates. One respondent noted, "HSMA has been successful in my community because it has made school meals more accessible to all students, regardless of socioeconomic status."

In response to the question "If additional revenue is not possible or in the case of an economic downturn, what would you want the state to do?" respondents generally suggested increasing taxes, using existing funds (i.e., marijuana tax revenue, lottery sales, cigarette taxes, and gambling taxes), reallocating parts of the budget (i.e., highway construction, police department), grants and donations, partnering with local organizations, and prioritizing students from low-income families.

In response to the question "What, if any other feedback do you want legislators to know related to HSMA?" many respondents described their support for HSMA for reducing food insecurity and stigma. Some expressed concerns over the funding shortfall and how it could result in the program being taken away from some students, staff salaries, and continued food waste.

Phase 2

Public Feedback

Urban used statistical software to import and clean the data for analysis. Because this phase of public feedback was largely quantitative, the analytical methods used in public feedback phase 1 was not necessary. By the end close of the second public feedback period, 50 people had responded. This is a lower response rate compared with phase 1. Several stakeholders noted hesitancy or opposition to providing public comment in phase 2 because it would have required ranking cost containment options they objected to.

Public feedback respondents who did participate in phase 2 were required to submit their roles when filling out the public feedback form and could select more than one. Respondents were most likely to be a government or school district employee, followed by taxpayers, and advocates (table 11.3).

TABLE 11.3

Public Feedback Phase 2: Respondent Roles

Role	Number of respondents	Percent of respondents
Government or School District Employee	39	78%
Taxpayer	14	28%
Advocate	14	28%
Parent	12	24%
Producer	3	6%
Student	1	2%
Other (Please Specify)	0	0%

Source: Urban Institute analysis of public feedback survey responses.
Note: Respondents could select more than one role. Therefore, the total number of respondents is not expected to equal 50, and the total percentage of respondents is not expected to equal 100 percent.

REVENUE RAISING AND ALTERNATIVE FINANCING

Across all three scenarios, the top three revenue-raising and alternative financing options selected by respondents were as follows:

- Option 1: Reclassify revenue under TABOR to free up state general funds and use the money to offset expenditures.
- Option 4: Modify the Proposition FF deduction cap.
- Option 5: Lower the income eligibility threshold in Proposition FF.

Responses were nearly identical, regardless of the scenario. But choices sometimes differed by respondents' role (table 11.4). Although government or school district employees' and advocates' choices are reflected in the overall results, taxpayers were more likely to choose option 6 (tax tourism, concerts, and sporting events), and parents were more likely to choose option 6 or option 8 (tax corporations). Producers were more likely to choose option 3 (transfer the annual amount [one-third of 1 percent] of tax revenue generated by Proposition FF to education fund), and the student was more likely to choose option 3.

TABLE 11.4

Public Feedback Respondent Choices for Revenue Raising/Alternative Financing by Role

Role	Policy Options
Government or School District Employee	1,4,5
Taxpayer	4,5,6
Advocate	1,4,5
Parent	4,5, (6/8)
Producer	3,4,6
Student	-
Other (Please Specify)	-

Source: Urban Institute analysis of public feedback survey responses.

Notes: The student answer has been redacted, as the number of student participants is too low.

COST REDUCTION

Across all three scenarios, the top cost-reducing options selected by respondents were:

- Option 1: Remove free breakfasts, and provide free lunch only
- Option 3: Provide free breakfast and lunch to elementary and middle school students only, and provide only free lunch to high school students

Respondents who identified as government or school district employees and advocates were most likely to list option 6 (i.e., provide HSMA to [CEP-eligible] districts with high enrollment in assistance programs) in their top three choices, compared with taxpayers and parents, who were more likely to list option 7 (i.e., provide HSMA to districts with high threshold of free and reduced-price lunch students). Producers were more likely to list option 8 (include cost-of-living measures in prioritization).

COMBINATION OF POLICY OPTIONS

Ninety percent of respondents offered a combination of policy options. The number of options chosen ranged from one to nine. Our analysis showed no consistency in the policy combinations submitted, so we omit the results from this report.

FEEDBACK TO LEGISLATORS

When asked what respondents wanted legislators to know, 58 percent of respondents provided feedback, which overwhelmingly included such topics as strongly opposing all cost-cutting options, demonstrating the program's necessity, and providing references to how the program's original intent to serve students universally should continue. One respondent noted that they were against raising any taxes, and another specifically noted that free meals should be given only to students who need them.

Focus Groups

COST REDUCTION

Focus group participants were hesitant to vote on these options, and a few participants decided not to vote, as they disagreed with altering the program from its original intent. We therefore caution that the options listed here are not representative of all focus group participant views or votes. We asked participants to rank their top three options.

The following options are listed in order of likelihood that they appear in the top three choices among all focus group participants.

- Option 1: Remove free breakfasts, and provide free lunch only
- Option 3: Provide free breakfast and lunch to elementary and middle school students only, and provide only free lunch to high school students
- Option 4: Cap the inflationary increase
- Option 7: Provide HSMA to districts with a high threshold of free and reduced-price lunch students
- Option 6: Provide HSMA to (CEP-eligible) districts
- Option 9: Create state poverty-level threshold
- Option 2: Alter the program to provide free breakfast and lunch at elementary and middle schools
- Option 5: Provided reduced-price (versus universally free) meals
- Option 8: Include cost-of-living measures

TABLE 11.5

Focus Group Participant Choices for Revenue Raising/Alternative Financing

Focus Group	Policy Options
ACSN	1,6,7
Families	1,4/8,7
Advocates: Health	1,3,6
Advocates: Food Hubs	1,4,9
Advocates: Nutrition	1,2,9
School Administration Associations	7,8,9
Spanish Speakers	1,3,4
Student	1,3,7

Source: Urban Institute analysis of focus group interviews October 2024.

REVENUE RAISING AND ALTERNATIVE FINANCING

Across all three scenarios, the top three revenue-raising and alternative financing options selected by focus groups were as follows:

- Option 1: Reclassify revenue under TABOR to free up state general funds and use the money to offset expenditures.
- Option 4: Modify the Proposition FF deduction cap.
- Option 5: Lower the income eligibility threshold in Proposition FF.

But choices sometimes differed by focus group (table 11.6). Although ACSN choices are reflected in the overall results, families and health advocates were more likely to choose option 8 (tax corporations), food hub participants were more likely to choose option 6 (tax tourism, concerts, and sporting events), nutrition advocates, school administrators, students, and Spanish-speaking participants were more likely to choose option 2 (consider HSMA expenditures as a TABOR refund), and students were additionally more likely to choose option 3 (transfer annual amount[one-third of 1 percent] of tax revenue generated by Proposition FF to education fund).

As part of stakeholder feedback for legislators, we note that throughout the focus group engagement, several stakeholders stated that the policy options were narrowly focused on feeding students and did not include the other program components, such as the grants.

TABLE 11.6

Focus Group Participant Choices for Revenue Raising/Alternative Financing by Role

Focus Group	Policy Options
ACSN	1,4,5
Advocates: Health	4,5,8
Advocates: Hubs	4,5,6
Advocates: Nutrition	1,2,5
Families	4,5,8
School Administration Association	2,4,5
Spanish Speakers	1,2,4
Students	2,3,5

Source: Urban Institute analysis of focus group interviews October 2024.

12. Cost-Reducing Policy Options

The following options would alter HSMA in scope—by changing the types of free meals available or students served—to reduce costs.

Some of these options were originally suggested by CDE to JBC, prior to any stakeholder engagement. Others were suggested by stakeholders and public commenters during and after phase 1 stakeholder engagement. Therefore, direct phase 1 stakeholder feedback is limited for some options. However, many of these policy options, which were further developed by TAG attendees, use ideas and sentiments extrapolated from phase 1 stakeholder feedback. Those ideas and feedback from phase 2 stakeholder engagement are presented herein.

Option 1 – Remove Free Breakfast and Provide Free Lunch Only

Description and Background

HSMA would be modified to provide only free lunch to students by removing the free breakfast portion. HSMA currently requires eligible schools to adopt CEP if it maximizes federal reimbursements. CEP schools, under federal requirements, would still provide free breakfast but would be required to cover the remaining costs using nonfederal funds. Non-CEP schools could choose to provide breakfast under the traditional SBP reimbursement structure (i.e., paid, reduced-price, or free) and would be responsible for covering additional costs. Provision 2 schools would have the option to choose to serve breakfast for free but would not be required to. This option was originally presented to the JBC in its initial policy options proposal.[62]

The legislature could implement this option as soon as FY 2025–26 without voter approval. The estimated cost reduction to the state for this option in FY 2025–26 under different scenarios is approximately $14.8 million (Easy), $15.5 million (Medium), and $16.8 million (Hard).

Research finds that the availability of school breakfast improves cognitive function and test scores and improves student well-being, especially among students who might otherwise skip breakfast (Bogden, Brizius, and Walker 2012; Frisvold 2015; Hartline-Grafton 2016). Participating in school

breakfast is correlated with improved attendance, especially among low-income students (Hartline-Grafton 2016). Overall, research evidence suggests that free breakfast improves student outcomes.

Stakeholder Concerns

Focus group stakeholders, including advocates, parents, and school nutrition professionals, voiced concerns that this option relies on districts covering additional costs. One focus group member remarked, "I think the issue with [this] option.... We're really just putting this burden that the state has onto these smaller school systems that are also strapped for cash." Before HSMA, only 28 percent of CEP-eligible districts participated in CEP in SY 2022–23 because of the difficulty covering the difference between federal reimbursements and the cost to provide meals.[63] Stakeholders raised that districts, particularly those eligible for CEP, that serve students who need the program most would opt out of HSMA, affecting the equity and universality of the program. A reduction in districts participating in CEP and therefore HSMA would decrease the amount of administrative funding for nutrition programs within CDE which would also affect other cost containment efforts the Department is pursuing through recently created positions such as food waste prevention staff.

CDE noted that this option would require updates to the state agency technology system, which would have fiscal and timeline implications that are unknown at this time. Districts that do not opt out would be subject to operating a new and different system to manage breakfast money and debt. Advocates and the public also expressed the importance of breakfast for students' ability to focus and engage in school.

TAG attendees also raised considerations over the fiscal sustainability of this option, as the reduction in expenditures would not be enough to cover the gap between current expenditures and revenues.

Stakeholder Supports

A few school district nutrition professionals noted that this option eases the staffing burden for schools that struggle with having enough staff for both breakfast and lunch. This option was also suggested in public comment feedback as a method of reducing costs.

Focus Group Insights

Overall, focus group participants were hesitant to vote on cost-reduction options and preferred to focus on revenue-raising or alternative financing options. Among those who voted, this option was one of the top three, regardless of scenario.

Public Feedback Insights

Overall, public respondents listed this option as one of their top three, regardless of scenario, but many noted in the feedback to legislators that they disagreed with all cost-reduction options, instead opting for alternative financing or revenue-raising options to solve the HSMA funding shortfall.

District Insights

To demonstrate the shift of costs from the state to districts under this option, the Colorado School Nutrition Association shared district-level data where available. Using SY 2023–24 meal count and reimbursement data, they estimated the “unfunded mandate” this option would create for districts. Table 12.1 shows that, depending on the district, districts could be responsible for up to $1.5 million.

TABLE 12.1

District Estimates of Direct, Nonreimbursable Costs for SY 2024–25

District	Direct, Nonreimbursable Cost
A	$453,466
B	$17,055
C	$192,022
D	$312,656
E	$1,483,424
F	$17,951
G	$295,691
H	$902,700
I	$386,959
J	$43,653
K	$409
L	$1,186,190
M	$155,039
N	$172,000
O	$60,511
P	$738,332
Q	$305,389
R	$20,731
S	$329,561
T	$299,523
U	$271,574

V	$134,122

Source: Colorado School Nutrition Association, November 8, 2024.
Note: This was data volunteered by district personnel and collected by The Colorado School Nutrition Association. District names have been de-identified and are not consistent across tables.

Option 2 - Alter the Program to Provide Free Breakfast and Lunch at Elementary and Middle Schools Only

Description and Background

HSMA would be modified to provide free breakfast and lunch to participating elementary and middle school students (grades K–8) and would remove high school students from the program. Because HSMA requires eligible schools to adopt CEP if it maximizes federal reimbursements, CEP and Provision 2 schools serving grades 6–12 or K–12 participating in HSMA would be required under federal requirements to provide free meals to students in grades 9–12 but would be required to cover the remaining costs using nonfederal funds. Non-CEP schools could choose to provide free meals to high school students but would be required to cover differences between federal reimbursements and costs to provide meals. The complicated interaction of each of these scenarios and program requirements would have a high probability of causing districts to opt out of CEP. This option was developed by the JBC in its initial policy options proposal.

The legislature could implement this option as soon as FY 2025–26 without voter approval. The estimated cost reduction to the state for this option in FY 2025–26 under different scenarios is approximately $24.5 million (Easy), $25.6 million (Medium), and $27.9 million (Hard).

As mentioned in option 1, school breakfast can improve student attendance, cognitive function, test scores, and overall well-being (Bogden, Brizius, and Walker 2012; Frisvold 2015; Hartline-Grafton 2016). Additional research evidence shows that universal free meal programs improve test scores and reduce suspension rates for elementary and middle school students in particular (Gordanier et al. 2020; Ruffini 2022; Schwartz and Rothbart 2020; Gordon and Ruffini 2018). Overall, research evidence points to positive effects of school meals on all students, but particularly for elementary and middle school students.

Stakeholder Concerns

Focus group stakeholders, including advocates, parents, students, and school district executives as well as the public, voiced concerns about the inequities this option could create by removing free meals for older students. They noted that the stigma around meals and lunch shame might be even higher for high schoolers and that older students are more likely to accrue meal debt, which will eventually fall on the district to cover. One focus group participant said, "We have multiple high schools where I talk to students about HSMA, and they told me they never used to eat breakfast or lunch because they were [on free or reduced-price lunch] and they would get teased. So, if you took [HSMA] away from them, I don't think they will eat anymore because they will be teased. HSMA took away the stigma, so everyone was treated equally."

Stakeholders noted the administrative burden of this option for HSMA-participating schools that serve grades 6–12 or K–12 due to having to manage high school student money and debt, because school meals are counted for reimbursement at the site level, not the grade level. Stakeholders also noted that rural districts would be more likely to be negatively affected, as they are more likely to have multigrade or single sites for 6–12 or K–12 students and might be more likely to opt out of HSMA altogether. A reduction in districts participating in CEP and therefore HSMA would also affect CDE and therefore HSMA at large by decreasing the amount of administrative funding for nutrition programs that create positions such as food waste prevention staff.

CDE noted that this option would require updates to the state agency technology system, which would have fiscal and timeline implications that are unknown at this time.

Stakeholder Supports

A few school district nutrition professionals said this option eases the staffing burden for schools that struggle with having enough staff to serve HSMA at all elementary, middle, and high schools.

Focus Group Insights

Overall, focus group participants were hesitant to vote on cost-reduction options and preferred to focus on revenue-raising or alternative financing options. Although some individual participants listed this option in their top three choices, focus groups overall were unlikely to list this option in their top three choices.

Public Feedback Insights

Although some individual respondents listed this option in their top three choices, public respondents overall were unlikely to list this option in their top three choices, regardless of role.

District Insights

To demonstrate the shift of costs from the state to districts under this option, the Colorado School Nutrition Association shared district-level data where available. Using SY 2023–24 meal count and reimbursement data, in addition to breakfast and lunch participation rates among high school students from SY 2022–23 to SY 2023–24, they estimated the “unfunded mandate” this option would create for districts. Some of these districts are CEP districts, but only if high school sites are included. In these cases, the CEP district would be required to continue serving high school students, resulting in the estimated costs below. These estimates are lower bounds, as some districts serve K–12 schools and include high school participation. Those sites cannot necessarily differentiate meal participation by grade level. Table 12.2 shows that, depending on the district, districts could be responsible for up to $2.3 million.

TABLE 12.2

District Estimates of Participation Rates and Direct, Nonreimbursable Costs for SY 2024–25

	Percent increase		Direct, Nonreimbursable Cost		
District	Breakfast	Lunch	Breakfast	Lunch	Total
A	114%	44%	$77,476	$547,698	$625,174
B	6%	9%	$514,032	$1,631,502	$2,145,534
C	78%	28%	$13,975	$38,669	$52,644
D	14%	17%	$16,217	$79,387	$95,604
E	46%	39%	N/A	N/A	N/A
F	81%	55%	N/A	N/A	N/A
G	66%	33%	$32,618	$170,796	$203,414
H	79%	69%	$13,233	$110,168	$123,401
I	72%	49%	N/A	N/A	N/A
J	25%	23%	$264,027	$1,215,165	$1,479,192
K	1247%	349%	N/A	N/A	N/A
L	108%	25%	N/A	N/A	N/A
M	23%	21%	N/A	N/A	N/A
N	15%	28%	$373,646	$1,867,298	$2,240,944
O	123%	57%	$218,690	$479,788	$698,478
P	145%	94%	$15,064	$108,180	$123,244
Q	N/A	N/A	$108,420	$445,114	$553,534
R	66%	28%	N/A	N/A	N/A
S	135%	14%	$8,248	$26,319	$34,567
T	91%	40%	N/A	N/A	N/A
U	5%	30%	$11,789	$26,325	$38,114
V	N/A	N/A	$67,833	$573,570	$641,403

District	Percent increase		Direct, Nonreimbursable Cost		
	Breakfast	Lunch	Breakfast	Lunch	Total
W	174%	60%	$534,289	$804,999	$1,339,288
X	119%	62%	$61,104	$192,728	$253,832
Y	47%	33%	N/A	N/A	N/A
Z	346%	101%	$35,162	$148,568	$183,730

Source: Colorado School Nutrition Association, November 8, 2024.
Note: N/A = Not available. This was data volunteered by district personnel and collected by The Colorado School Nutrition Association. District names have been de-identified and are not consistent across tables.

Option 3 – Alter the Program to Provide Free Breakfast and Lunch to Elementary and Middle School Students; Provide Only Free Lunch to High School Students

Description and Background

HSMA would be modified to provide free breakfast and lunch to participating elementary and middle school students (K–8) and only free lunch to high school students. Because HSMA requires eligible schools to adopt CEP if it maximizes federal reimbursements, CEP schools serving grades 6–12 or K–12 participating in HSMA would be required under federal requirements to provide free breakfast to students in grades 9–12 but would be required to cover the remaining costs using nonfederal funds. Provision 2 schools have the option to serve free breakfasts but are not required to. If they choose to serve free breakfasts in a school with grades 6-12 or K-12, they would be required to serve free breakfasts to all enrolled students at the school. Free breakfasts in grades 9-12 at those Provision 2 schools would need to be covered using nonfederal funds. The complicated interaction of each of these scenarios and program requirements would result in a moderate probability of districts opting out of CEP or HSMA. This option was developed by TAG attendees as an adaptation to policy option 2.

The legislature could implement this option as soon as FY 2025–26 without voter approval. The estimated cost reduction to the state for this option in FY 2025–26 under different scenarios is approximately $3.3 million (Easy), $3.4 million (Medium), and $3.7 million (Hard).

As mentioned before, school breakfast has been shown to improve student attendance, cognitive function, test scores, and overall well-being (Bogden, Brizius, and Walker 2012; Frisvold 2015; Hartline-Grafton 2016). Prior research also shows that middle and high school students who were eligible for free meals prior to universal free meal programs increased participation post universal free meal policy,

indicating that participation in school meals depends on components other than price, such as stigma (Gutierrez 2021).

Stakeholder Concerns

Advocates, parents, students, school district executives, and the public noted concerns around equity for older students, the need for breakfast (especially for older students), and the stigma prevalent in high school grade levels. One public respondent noted, “No subset of students is less vulnerable to hunger. No meal should be removed from the program; breakfast and lunch are equally important to students.”

Stakeholders again noted the administrative burden for HSMA-participating schools serving grades 6–12 or K–12, including managing multiple systems and tracking breakfast and debt for high school students because meals are tracked at the site rather than the grade level. This could contribute to schools’ decisions to either serve only lunch or even opt out of HSMA altogether and would be more likely to negatively affect rural schools and districts that are more likely to serve middle and high school students at the same school.

CDE noted that this option would require updates to the state agency technology system, which would have fiscal and timeline implications that are unknown at this time. TAG attendees also noted considerations for the fiscal sustainability of this option, as the reduction in expenditures would not be enough to cover the gap between current expenditures and revenues.

Stakeholder Supports

Many advocates expressed favorability for this option, as it maintains a large portion of the universal aspect of the program, and some school nutrition professionals noted that this option could ease some staffing shortages at non-CEP schools.

Focus Group Insights

Overall, focus group participants were hesitant to vote on cost-reduction options and preferred to focus on revenue-raising or alternative financing options. Among those who voted, this option was one of the top three, regardless of scenario.

Public Feedback Insights

Overall, public respondents listed this option as one of their top three, regardless of scenario, but many noted in the feedback to legislators that they disagreed with all cost-reduction options, instead opting for alternative financing or revenue-raising options to solve the HSMA funding shortfall.

District Insights

To demonstrate the shift of costs from the state to districts under this option, the Colorado School Nutrition Association shared district-level data where available. Using SY 2023–24 meal count and reimbursement data, in addition to breakfast participation rates among high school students from 2022–23 to 2023–24, they estimated the "unfunded mandate" this option would create for districts. Some of these districts are CEP districts only if high school sites are included. In these cases, the CEP district would be required to continue serving high school students, resulting in the estimated costs below. These estimates are lower bounds, as some districts that serve K–12 schools and include high school participation. Those sites cannot necessarily differentiate meal participation by grade level. Table 12.3 shows that, depending on the district, districts could be responsible for up to $540,000.

TABLE 12.3

District Estimates of Participation Rates and Unfunded Mandates for SY 2024–25

District	Breakfast Participation Change from 2022–23 to 2023–24	Direct, Nonreimbursable Cost
A	114%	$77,476
B	6%	$514,032
C	78%	$13,975
D	14%	$16,217
E	46%	N/A
F	81%	N/A
G	66%	$32,618
H	79%	$13,233
I	72%	N/A
J	25%	$264,027
K	1247%	N/A
L	108%	N/A
M	23%	N/A
N	15%	$373,646
O	123%	$218,690
P	145%	$15,064
Q	N/A	$108,420
R	66%	N/A
S	135%	$8,248
T	91%	N/A
U	5%	$11,789
V	N/A	$67,833

District	Breakfast Participation Change from 2022–23 to 2023–24	Direct, Nonreimbursable Cost
W	174%	$534,289
X	119%	$61,104
Y	47%	N/A
Z	346%	$35,162

Source: Colorado School Nutrition Association, November 8, 2024.
Notes: N/A = Not available. This was data volunteered by district personnel and collected by The Colorado School Nutrition Association. District names have been de-identified and are not consistent across tables.

Cost-Reducing Options: Reducing State Reimbursements

The following option would not alter HSMA in scope but would gradually reduce the amount of money the state provides to HSMA districts over time.

Option 4 – Cap the Inflationary Increase

Description and Background

Capping the inflationary increase would gradually reduce the amount of reimbursement provided to HSMA districts by not allowing the inflation adjustment associated with HSMA revenue to exceed a certain percentage, regardless of actual inflation. This option would result in HSMA districts taking on additional program costs annually and would be particularly burdensome in years with high inflation. This would result in a high likelihood that districts would opt out of HSMA. This option was originally developed by the JBC in its initial policy options proposal.

The legislature could implement this option as soon as FY 2025–26 without voter approval. The estimated cost reduction to the state for this option in FY 2025–26 under different scenarios is approximately $10.5 million (Easy), $11.1 million (Medium), and $12.1 million (Hard).

Stakeholder Concerns

Advocates and school district executives raised concerns that this option, like the first three options, would place the burden of paying for HSMA, including food and labor, on districts. Advocates noted that districts may not participate in HSMA, resulting in students no longer receiving free meals, and that rural districts would be disproportionately affected. One focus group participant said that “capping the

inflationary increase is also going to have the same kind of issues that [other options] have where we end up putting quite a strain on the schools themselves."

TAG attendees noted considerations for the fiscal and administrative feasibility of this option for both the state and districts. They noted that this option would create two different reimbursement rates for meals—one state rate and one federal rate—which could create administrative confusion.

Stakeholder Supports

Advocates noted that for districts that continue to opt in to the program, this option would maintain universality.

Focus Group Insights

Overall, focus group participants were hesitant to vote on cost-reduction options and preferred to focus on revenue-raising or alternative financing options. Among those who voted, this option was one of the top three, regardless of scenario.

Public Feedback Insights

Although some individual respondents listed this option in their top three choices, public respondents overall were unlikely to list this option in top three choices, regardless of role.

District Insights

To demonstrate the shift of costs from the state to districts under this option, the Colorado School Nutrition Association shared district-level data where available. Using their percentage changes in labor and food costs from 2019 to 2024, districts demonstrate how inflation has affected their budgets over the past five years to reveal the magnitude of the direct costs to districts under this option, given the recent increases in inflation (Table 12.4).

TABLE 12.4

Impact of Inflation on District-Level Nutrition Budgets (2019–24)

District	Labor	Food/Nonfood
A	63%	71%
B	36%	N/A
C	40%	62%
D	35%	75%
E	48%	71%
F	32%	N/A
G	Team member: 31% Elementary manager: 34% Secondary manager: 16%	68%
H	45%	68%
I	49%	39%
J	43%	N/A
K	34%	N/A
L	23%	Food: 54% Nonfood: 75%
M	36%	34%
N	57%	181%
O	56%	54%
P	42%	~30%
Q	49%	N/A
R	41%	72%
S	21%	78%
T	Team member: 34% Elementary manager: 46% Secondary manager: 40%	Food: 100% Nonfood: 107%
U	32%	Food: 45% Nonfood: 36%
V	10%	21%
W	Workers: 43% Managers: 28%	79%
X	Workers: 47% Managers: 31%	29%
Y	23%	N/A
Z	Magangers: 35% Assistants: 25%	N/A
AA	25%	N/A

Source: Colorado School Nutrition Association, November 8, 2024.

Notes: N/A = Not available. This was data volunteered by district personnel and collected by The Colorado School Nutrition Association. District names have been de-identified and are not consistent across tables.

Cost-Reducing Options: Prioritizing Need

The following options would aim to reduce costs by prioritizing schools or districts with high shares of students from low-income households. Many public respondents and advocates expressed the importance of feeding students in districts with high shares of students experiencing poverty. One

public respondent suggested that if resources are limited, focus on “prioritizing the areas with the greatest need.”

These options were developed by TAG attendees in response to information obtained from the first phase of focus groups and public feedback. Therefore, direct phase 1 stakeholder feedback for these options is limited. But much of the discussion that took place around the original options presented to focus groups involved similar ideas and sentiments that are presented in the following options.

Option 5 – Provide Reduced-Price (versus Universally Free) Meals across the State

Description and Background

HSMA would be modified so that meals would be available at a reduced price rather than for free. Students who qualify by federal standards would still receive free and reduced-price meals, but the remaining students would be served reduced-price meals. CDE would set a reduced-price that would meet the federal paid lunch equity requirements.[64] This option was developed by TAG attendees.

The legislature could implement this option as soon as FY 2025–26 without voter approval. The estimated cost reduction to the state for this option in FY 2025–26, estimated at $0.50/1.00/1.50 per meal, is $16.2/32.4/48.7 million (Easy), $17.0/34.0/51.0 million (Medium), $18.5/37.0/55.5 million (Hard).

Stakeholder Concerns

Many advocates were hesitant about any option that would make free meals paid, to any extent, as they felt it would be contrary to the program’s original nature and what Coloradans voted for. One public respondent stated, “You can’t take free lunches back from students. Colorado’s voters have spoken, and they agree that this is a priority that must be upheld.”

Additionally, stakeholders noted that this option would create inequities among students of different income levels and would bring back unpaid meal debt, creating stigma among students who cannot afford meals or pay such debt. Stakeholders also raised concerns over the probability that many districts would opt out because of the financial impact, making HSMA no longer universal or statewide.

TAG attendees noted that the uncertainty around opting out would create an unpredictable situation for the state.

Focus Group Insights

Overall, focus group participants were hesitant to vote on cost-reduction options and preferred to focus on revenue-raising or alternative financing options. Although some individual participants listed this option in their top three choices, participants overall were less likely to list this option in their top three choices.

Public Feedback Insights

Although some individual respondents listed this option in their top three choices, public respondents overall were unlikely to list this option in their top three choices, regardless of role.

Option 6 – Provide HSMA to CEP-Eligible Districts Only

Description and Background

HSMA would be modified so that only federally qualified districts with a high number of students in poverty would be eligible for free meals. The current threshold to be a CEP district is an ISP of 25 percent, but it has historically been 40 percent. If the state decides the HSMA threshold is 40 percent, an estimated 62 percent of Colorado students would lose HSMA. If the state decides to use a 25 percent threshold, an estimated 30 percent of Colorado students would lose HSMA.

Non-CEP districts would be able to provide traditionally free and reduced-price meals to students in their districts that meet the federal eligibility guidelines, while the rest of the students in the districts would receive paid meals. This option was developed by TAG attendees.

The legislature could implement this option as soon as FY 2025–26 without voter approval. The estimated reduction in costs in FY 2025–26 for this option is $52.7 million (Easy), $57.3 (Medium), and $62.5 million (Hard) for districts with ISPs over 25 percent, and $106.0 (Easy), $111.5 (Medium), and $121.5 (Hard) 5 (Medium), and $121.5 (Hard) for districts with ISPs over 40 percent.

Stakeholder Concerns

TAG attendees noted considerations around administrative feasibility for both the state and districts. Districts might have difficulty budgeting year to year because of the unpredictability of additional state funding for CEP-eligible schools. The state would also have to decide on an ISP threshold and create a new formula, which could also come with data collection challenges.

Some stakeholders raised concerns about adding additional funding for CEP-eligible schools when Colorado's state funding formula already allocates more funding to districts with high poverty and social-emotional learning needs.

Stakeholder Supports

TAG attendees noted that this option, compared with others, is more equity focused, as it would target resources based on the districts with the highest shares of students in need.

Focus Group Insights

Overall, focus group participants were hesitant to vote on cost-reduction options and preferred to focus on revenue-raising or alternative financing options. Although some individual participants listed this option in their top three choices, participants overall were less likely to list this option in their top three choices.

Public Feedback Insights

Overall, this option was not listed among the top three choices, but government or school district employees were more likely to list this option among their top three, regardless of scenario. But many noted in the feedback to legislators that they disagreed with all cost-reduction options, instead opting for alternative financing or revenue-raising options to solve the HSMA funding shortfall.

Option 7 – Provide HSMA to Districts with a High Threshold (at Least 35 Percent) of Students Eligible for Federal Free and Reduced-Price Lunch

Description and Background

HSMA would be modified so that districts where at least 35 percent of students are eligible for free and reduced-price meals would be eligible to participate in HSMA. Because the share of students eligible for free and reduced-price meals can fluctuate from year to year, this option would require a four- or five-year cycle to ensure stability year over year. Using a 35 percent threshold, an estimated 35 percent of Colorado students would lose free meals via HSMA.

Ineligible districts would be able to provide traditionally free and reduced-price meals to students in their districts who meet the federal eligibility guidelines, while the rest of the students in the districts would receive paid meals. This option was developed by TAG attendees.

The legislature could implement this option as soon as FY 2025–26 without voter approval. The estimated cost reduction to the state for this option in FY 2025–26 is approximately $66.1 million (Easy), $69.2 million (Medium), and $75.4 million (Hard).

Research suggests that students from low-income families would benefit from accessing universal free meals. States that mandate the school breakfast program have reported improved food security outcomes for students in low-income families (Fletcher and Frisvold 2017; Kuhn 2018). Research also shows that universal free meals improve participation rates in school meals, particularly among students who previously received meals for free (Gutierrez 2021).

Stakeholder Concerns

TAG attendees noted considerations for state and district administrative feasibility with this option. The state would have to decide on a free and reduced-price meal eligibility threshold and create a new formula, which could come with data collection challenges. Although the option comes with a recommendation to implement a cycle, districts might have difficulty budgeting and implementing because of the unpredictability of qualifying between cycles.

Additionally, some stakeholders raised concerns about adding additional funding for districts where at least 35 percent of students are eligible for free and reduced-price meals when Colorado's state funding formula already allocates more funding to districts with high poverty and social and emotional learning needs.

Stakeholder Supports

TAG attendees noted that this option, compared with others, is more equity focused, as it would target resources based on the districts with the highest shares of students in need.

Additionally, a five-year cycle would add stability to the program and reduce administrative and financial unpredictability for districts. This option would also create reserves in case of economic downturns.

Focus Group Insights

Overall, focus group participants were hesitant to vote on cost-reduction options and preferred to focus on revenue-raising or alternative financing options. Although this option was not among the top three overall, more participants were likely to choose this option compared with the rest.

Public Feedback Insights

Overall, this option was not listed among the top three choices, but taxpayers and parents were more likely to list this option among their top three, regardless of scenario. Many noted in the feedback to legislators that they disagreed with all cost-reduction options, instead opting for alternative financing or revenue-raising options to solve the HSMA funding shortfall.

Option 8 – Provide HSMA to Districts Based on Cost-of-Living Measures

Description and Background

This option is conditional on option 7 and would provide extra funds, if available, for districts where less than 35 percent of students are eligible for free and reduced-price meals but have a high cost-of-living. If there were to be excess funds, and depending on the number of eligible districts that would want to participate, these districts could apply for funding to provide free meals for all students, similar to a block grant program. This option was developed by TAG attendees.

The legislature could implement this option as soon as FY 2025–26 without voter approval. This option has not been modeled at this time.

Research suggests that universal free meals generate savings for families by reducing grocery costs, enhancing food security, and cutting down on meal debt accrued at school (Handbury and Moshary 2021; Marcus and Yewell 2021). There is no existing research associated with implementing a cost-of-living measure in determining which schools or districts receive universal free meals.

Stakeholder Concerns

TAG attendees noted considerations for state and district administrative feasibility with this option. It would depend on the thresholds and formulas set in option 7 and would come with its own data collection challenges. Based on availability of funds, this option would likely be renewed annually, potentially causing unpredictability for districts.

Stakeholder Supports

TAG attendees noted that this option is more equity focused, as it would target resources for students in districts who, federally speaking, are not recognized as coming from low-income households but likely struggle compared with other, low-cost-of-living districts. This option would also create reserves in case of economic downturns.

Focus Group Insights

Overall, focus group participants were hesitant to vote on cost-reduction options and preferred to focus on revenue-raising or alternative financing options. Although some individual participants listed this option in their top three choices, participants overall were less likely to list this option in their top three choices.

Public Feedback Insights

Overall, this option was not listed among the top three choices, but producers were more likely to list this option among their top three, regardless of scenario. Many noted in the feedback to legislators that they disagreed with all cost-reduction options, instead opting for alternative financing or revenue-raising options to solve the HSMA funding shortfall.

Option 9 – Create State Poverty-Level Threshold for Meals

Description and Background

This option would create a state-based federal income level for free and reduced-price meals, which would be based on families' incomes at 250 percent of the federal poverty level. This means that instead of free and reduced-price meals being offered to students from households earning up to 185 percent of the federal poverty level, Colorado would provide free meals to students whose households earn up to 250 percent of the federal poverty level. Students from households earning above that threshold would be provided paid meals. This option was developed by TAG attendees.

The legislature could implement this option as soon as FY 2025–26 without voter approval. This option has not been modeled at this time due to data limitations.

Stakeholder Concerns

TAG attendees raised considerations over state and district administrative feasibility with this option. The state would have to create a new formula or threshold for poverty, and districts may need to expend significant time and resources to implement new data and technology systems as well as

collection methods. Although districts already collect meal application forms, they are not equipped to collect the level of detail needed for this option. Furthermore, districts might have difficulty budgeting year to year because of family income unpredictability. School district executives expressed concern over any option that would make HSMA a means-tested program.

Stakeholder Supports

TAG attendees noted that a state-level program such as this would be more generous than a federal program and would target students on the poverty margins. Stakeholders appreciated the equity focus of this option, as it would target resources based on individual students who might need them the most.

Focus Group Insights

Overall, focus group participants were hesitant to vote on cost-reduction options and preferred to focus on revenue-raising or alternative financing options. Although some individual participants listed this option in their top three choices, participants overall were less likely to list this option in their top three choices.

Public Feedback Insights

Although some individual respondents listed this option in their top three choices, public respondents overall were unlikely to list this option in their top three choices, regardless of role.

13. Revenue-Raising Policy Options

The following options aim to fund HSMA by either raising revenue through existing or new means or by modifying Colorado's tax system.

These options were suggested by stakeholders and public commenters during and after phase 1 stakeholder engagement. Therefore, direct phase 1 stakeholder feedback is limited. However, the policy options, which were further developed by TAG attendees, use ideas and sentiments extrapolated from phase 1 stakeholder feedback. Those ideas and feedback from phase 2 stakeholder engagement are presented herein.

Option 1 – Raise the Amount of Income Tax Revenue Generated by Modifying the Proposition FF Deduction Cap

Description and Background

This option, suggested by stakeholders and developed by TAG attendees, proposes lowering the deduction amount originally passed in Proposition FF. Currently, Colorado households with at least $300,000 in adjusted gross income are limited to $12,000 in state income tax deductions for single filers and $16,000 for joint filers (LCS, n.d.). Because HSMA revenue is tied to changes in the federal tax code (i.e., TCJA), there are two suggestions, depending on the federal tax code changes.

- Sub-option (a): If TCJA were to be extended, the deduction cap would be lowered to $5,000 for single filers and $10,000 for joint filers for households making $300,000 or more.
- Sub-option (b): If TCJA were to expire, the deduction cap would be lowered to $3,000 for single filers and $6,000 for joint filers for households making $300,000 or more.

This option would first have to go to voters in fall 2025. The state could then implement this option as soon as FY 2026–27. The estimated addition in revenue for sub-option (a) is approximately $147.6 million in FY 2026–27 if there is an extension of the TCJA; if TCJA was not extended, it would have an estimated addition in revenue of $40.1 million. The estimated addition in revenue for sub-option (b) is approximately $67.4 million in FY 2026–27 if TCJA is not extended (and $174.9 million if TCJA was

extended). An alternative but similar mechanism suggested by stakeholders is to set the deduction cap annually based on projected need. This alternative has similar policy considerations but would be more administratively challenging and harder to forecast revenues. As such, this slight alternative was not modeled, and concerns and supports are not noted below.

Stakeholder Concerns

TAG attendees noted that this option is subject to volatility based on federal tax policy changes and uncertainties around voter approval.

Stakeholder Supports

TAG observed that this option presented few implementation concerns as it would maintain the program's current structure (universality for all students), so long as there is revenue available. Public commenters and focus group stakeholders showed strong support for this option, with several respondents proposing similar options aligned with implementing a more equitable distribution of burden among wealthy individuals. One public commenter remarked, "I would gladly pay more in taxes in order to keep this program going."

School district executives expressed support for this option because it would allow them to keep the program as intended without requiring districts to make cuts in other areas to fund the program.

Focus Group Insights

Overall, focus group respondents were most likely to rank this option as part of their top three choices. This option appeared in almost all focus groups' top three choices.

Public Feedback Insights

Overall, public respondents listed this option as one of their top three choices, regardless of scenario.

Option 2 – Raise the Amount of Income Tax Revenue Generated by Lowering the Income Eligibility Threshold in Proposition FF

Description and Background

This option would lower the Proposition FF income threshold and the deduction gap. It was suggested as a solution if TCJA expires. Currently, Colorado households with at least $300,000 in adjusted gross income are limited to $12,000 in state income tax deductions for single filers and $16,000 for joint filers (LCS, n.d.). In this option, the deduction cap for households with an adjusted gross income of $300,000 or more would be lowered to $3,000 for single filers and $6,000 for joint filers. Households with an adjusted gross income of $250,000 or more would be added with a deduction cap of $8,000 for single filers and $16,000 for joint filers. In other words, for current taxpayers at $300,000 and above, the deduction cap would decrease; taxpayers at $250,000 would (newly) be contributing. This option was suggested by focus group participants and refined by TAG attendees.

This option would first have to go to voters in fall 2025. The state could then implement this option as soon as FY 2026–27. The estimated addition in revenue for this option is approximately $99.4 million for FY 2026–27 with the TCJA expiration.

Stakeholder Concerns

TAG attendees noted that this option is subject to volatility based on federal tax policy changes and uncertainties around voter approval.

Stakeholder Supports

TAG observed that this option presented few implementation concerns as it would maintain the program's current structure (universality for all students), so long as there is revenue available. Additionally, because the same structure would be maintained, the program would be feasible to administer, facing the same administrative challenges the current program faces.

Public commenters and focus group stakeholders showed strong support for this option, with several respondents proposing similar options aligned with implementing a more equitable distribution

of burden among wealthy individuals. One public commenter stated, “Perhaps a wider demographic should be contributing tax dollars.”

School District Executives expressed support for this option because it would allow them to keep the program as intended and not force districts to make cuts in other areas to fund the program.

Focus Group Insights

Overall, focus group respondents were most likely to rank this option as part of their top three choices. This option appeared in almost all focus groups’ top three choices.

Public Feedback Insights

Overall, public respondents listed this option as one of their top three choices, regardless of scenario.

Option 3 – Add a Flat Tax in Each Tax Bracket

Description and Background

This option, proposed in a focus group, suggests adjusting Colorado’s tax system by adding a flat income tax dedicated to HSMA, wherein all Coloradans would pay for the program. This option would require an overhaul of the current state tax rates and a constitutional amendment.[65]

Given the many uncertainties around this option, we cannot provide an estimated timeline, and revenue has not been modeled at this time.

Empirical evidence is mixed on whether flat taxes are progressive or regressive in nature (Keen, Kim, and Varsano 2008), but some economists argue that flat taxes unfairly impact low-income households (Fougère and Giuseppe, 1998; Diamond and Saez 2011).

Stakeholder Concerns

TAG attendees raised considerations about flat taxes negatively affecting the same households the HSMA is aiming to serve. Additionally, such an option would be prone to similar recessionary budget

pressures as the HSMA. TAG attendees also noted potential issues with the legality of this option, considering that it would require a constitutional amendment.

Stakeholder Supports

Stakeholders did not express support for this option.

Focus Group Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to focus group participants as part of the opportunity to prioritize options.

Public Feedback Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to stakeholders as part of the public feedback opportunity to prioritize options.

Option 4 – Add a New Tax on Tourism, Concerts, Casinos, Mushrooms, or Sporting Events

Description and Background

This option, proposed by stakeholders, would involve applying a new excise tax on tickets or expenditures related to tourism, concerts, casinos, mushrooms, or sporting events.

Some stakeholders similarly suggested using existing tax revenue from marijuana sales or cigarette, tobacco, and nicotine sales. There is no additional money from these existing taxes. The excise tax on marijuana already funds school construction in Colorado, and the marijuana sales tax revenue is already allocated (12.59 percent to education and the remainder to health programs).[66] Moreover, the amount of marijuana revenue has declined in recent years (LCS 2024a). Additionally, 70 percent of Proposition

EE (cigarettes, tobacco, and nicotine) already goes to the state education fund and is used largely to fund universal preschool programs.[67]

This option of new taxes would first have to go to voters in fall 2025. The state could then implement this option as soon as FY 2026–27. Given the many uncertainties around this option, revenue has not been modeled at this time.

Research suggests increased taxes tend to affect consumer behavior, so if taxes go up too high, consumers will respond by reducing their consumption of the product or service and therefore reducing the amount of revenue the tax can bring in.[68]

Stakeholder Concerns

TAG attendees noted multiple considerations regarding the fiscal feasibility and sustainability of this option, given that excise taxes are prone to "slippage"—the more items get taxed, the more likely people are to change behavior and not purchase them. TAG attendees also noted that some options related to excise taxes tend to be regressive for Colorado taxpayers, affecting lower-income earners more than higher-income earners. Additionally, any excise tax would provide only limited dollars for HSMA funding.

Stakeholder Supports

TAG observed that this option presented few implementation concerns as it would maintain the program's current structure (universality for all students), so long as there is revenue available. However, it would require voter support.

Focus Group Insights

Overall, focus group respondents were unlikely to rank this option as part of their top three choices. But this option appeared in the top three choices for food hubs advocates.

Public Feedback Insights

Although this option did not rank in the top three choices for all public respondents, it did appear in the top three choices for taxpayers, parents, and producers.

Option 5 – Add a New Tax on Sweetened Beverages

Description and Background

This option would apply a tax to manufacturers, distributors, or retailers of drinks with added sugars, such as sodas, energy drinks, and sweetened teas. Although the state does not have a tax on sweetened beverages, the city of Boulder has adopted a tax of 2 cents per ounce for such commodities that goes toward health equity funding.[69]

This option, proposed in public feedback, would first have to go to voters in fall 2025. The state could then implement this option as soon as FY 2026–27. Given the many uncertainties around this option, revenue has not been modeled at this time.

Research suggests that similar excise taxes tend to be regressive in nature, meaning low-income consumers pay a disproportionate share of the tax burden (Boesen, 2021). Households may also react to the tax by purchasing other beverages instead, effectively reducing the amount of revenue the tax could produce.

Stakeholder Concerns

TAG attendees noted multiple considerations regarding the fiscal feasibility and sustainability of this option, given that excise taxes are prone to "slippage"—the more items get taxed, the more likely people are to change behavior and not purchase them. Attendees also noted that such options related to excise taxes tend to be regressive for Colorado taxpayers, affecting lower-income earners more than higher-income earners. Additionally, any excise tax would provide only limited dollars for HSMA funding.

Stakeholder Supports

TAG observed that this option presented few implementation concerns as it would maintain the program's current structure (universality for all students), so long as there is revenue available. Public commenters and focus group stakeholders, including advocates, showed strong support for this option.

Focus Group Insights

We could not present this option to focus group participants as part of the opportunity to prioritize options.

Public Feedback Insights

Although some individual respondents listed this option in their top three choices, public respondents overall were unlikely to list this option in their top three choices, regardless of role.

Option 6 – Add a New Tax on Corporations

Description and Background

This option, suggested by public commenters and focus group participants, would apply an increased tax on corporations in Colorado dedicated to HSMA. Currently, the corporate income tax base is about one-fifth the size of the individual income tax base in the state. This option would require an overhaul of the current state tax rates and a constitutional amendment.[70]

Given the many uncertainties around this option, we could not provide an estimated timeline, and revenue has not been modeled at this time. This option would require voter approval.

Stakeholder Concerns

TAG attendees noted the potential challenge with this option because it would require a constitutional amendment.

Stakeholder Supports

TAG observed that this option presented few implementation concerns as it would maintain the program's current structure (universality for all students), so long as there is revenue available. This option was popular among some public commenters and focus group stakeholders.

Focus Group Insights

Overall, focus group respondents were unlikely to rank this option as part of their top three choices. But some individual focus groups, such as health advocates and families, listed this in their top three.

Public Feedback Insights

Although some individual respondents listed this option in their top three choices, public respondents overall were unlikely to list this option in their top three choices, with the exception of parents.

Option 7 – Engage Businesses and Families to Provide Donations or Collect Individual Donations on Colorado Tax Forms

Description and Background

This option would provide a way to gather voluntary contributions for HSMA by campaigning businesses, organizations, and families to donate directly to the HSMA. Additionally, Colorado could add an option to state tax forms allowing individuals to contribute to the HSMA when they file their taxes (i.e., a "tax check-off" option). This option was proposed by many public commenters.

Given the many uncertainties around this option, we could not provide an estimated timeline, and revenue has not been modeled at this time.

Stakeholder Concerns

TAG attendees raised many considerations for this option, especially that this option would rely on districts' local economies and resources to provide for HSMA. This could make revenue unpredictable from year to year and would likely not be enough to sustain the program.

Stakeholder Supports

Stakeholders did not express support for this option.

Focus Group Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to focus group participants as part of the opportunity to prioritize options.

Public Feedback Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to stakeholders as part of the public feedback opportunity to prioritize options.

Option 8 – Increase À La Carte School Food Prices

Description and Background

This option would raise the price of individual food items or snacks that students can purchase separately from the main breakfast or lunch item. This pricing structure would apply only to items sold outside the standard reimbursable meal, such as chips, crackers, cookies, fruit snacks, or juice.

This option, suggested by stakeholders, could be implemented in FY 2025–26 and would not need voter approval. Revenue has not been modeled at this time.

Stakeholder Concerns

TAG attendees noted that this option could create equity issues, as it further differentiates free and paid meals.

Stakeholder Supports

Stakeholders did not express support for this option.

Focus Group Insights

No focus group participants ranked this option to be in their top three choices.

Public Feedback Insights

Although some individual respondents listed this option in their top three choices, public respondents overall were unlikely to list this option as one of their top three choices.

Option 9 – Mill Levy Override Specifically for HSMA

Description and Background

This option, suggested by stakeholders and developed by TAG attendees, would allow districts to raise local property taxes to pay for universal meals. It would create a new statutory school district mill levy override (MLO) for the specific purpose of funding HSMA. HB24-1448[71] increased the MLO limits for most districts, but not all, and gives them six years to pursue additional MLOs at the ballot box. Other MLOs have created inconsistent revenue mechanisms for localities, often tied to local property values. Additionally, some districts have reached their mill levy caps and would not be able to use this option. This option would create inconsistent revenue sources across the state tied to local economies.

This option would require legislative approval and local voter approval. Because it would require local voter approval, the earliest this option could be implemented would be FY 2026–27. Revenue has not been modeled at this time.

Stakeholder Concerns

This option was proposed after focus groups concluded and public feedback phase 2 was ending. As such, we did not hear concerns from stakeholder groups or the public. TAG attendees raised considerations about the universality of this option, noting it would exacerbate existing differences across districts; they noted this seems misaligned with the intent of HSMA. Specifically, they noted some districts do not have the property wealth base for this to make a meaningful difference in revenues. TAG also noted the feasibility of this option at the district level, as it would require significant effort to develop the measure, place it on the ballot, and work toward voter approval. They noted many districts where voters have never approved an MLO. TAG also noted this option does not seem to provide a state-level solution.

If MLOs are not universal, this option could be difficult to implement, especially for CEP sites that must offer free breakfast and lunch. Additionally, revenue might be challenging to forecast. Year to year, districts would need to determine whether they had adequate funds to implement, determine staffing, and procure the appropriate amount of food in time.

Stakeholder Supports

This option was proposed after focus groups concluded and public feedback phase 2 was ending. As such, we did not hear support from stakeholder groups or the public. But TAG attendees noted that this could be used to help some more wealthy and more urban districts pay for any unfunded mandates attributable to implemented cost-reduction options.

Focus Group Insights

This option was proposed after focus groups concluded.

Public Feedback Insights

This option was proposed after public feedback concluded.

Option 10 – Debrucing State Cash Funds

Description and Background

This option, proposed by stakeholders and developed by TAG, would change how some cash funds are categorized under TABOR to pay for HSMA. Cash funds are taxes, fees, fines, and interest collected by various state programs to fund services and operations for a particular program, which makes them distinct from general fund dollars. The largest cash funds involve transportation, limited gaming, and severance. But there are more than 400 cash funds in Colorado that could be evaluated for "debrucing," which refers to removing the government spending limit, allowing the government to keep and use all the revenue it collects under the current tax rate instead of being subject to the TABOR cap.

Exempting cash funds from TABOR requires statewide voter approval. This option would provide no guaranteed revenue, as cash funds would provide revenue for HSMA only if they grow faster than the TABOR growth rate (based on population and inflation) and if the state has a TABOR surplus. Given that the current TABOR surplus is in the margin of error of the current forecast, this option might not provide any revenue. Revenue has not been modeled at this time. This option could be implemented in FY 2026–27 if approved by voters.

Stakeholder Concerns

This option was proposed after focus groups concluded and public feedback phase 2 was ending. As such, we did not hear concerns from stakeholder groups or the public. TAG noted a similar measure has been attempted before in the state and was not successful. TAG noted this revenue source would not be predictable and could not be counted on as a long-term solution.

Stakeholder Supports

This option was proposed after focus groups concluded and public feedback phase 2 was ending. As such, we did not hear support from stakeholder groups or the public. TAG attendees expressed that debrucing is a straightforward mechanism and that there would be no direct impacts to districts if it is done at the state level. TAG attendees also noted this revenue stream would not directly be affected by federal tax changes.

Focus Group Insights

This option was proposed after focus groups concluded.

Public Feedback Insights

This option was proposed after public feedback concluded.

14. Alternative Financing Policy Options

The following options aim to fund the HSMA by finding different revenue sources or by reclassifying or organizing existing funds.

These options were suggested by stakeholders and public commenters during and after phase 1 stakeholder engagement. Therefore, direct phase 1 stakeholder feedback is limited. However, the policy options, which were further developed by TAG attendees, use ideas and sentiments extrapolated from phase 1 stakeholder feedback. Those ideas and feedback from phase 2 stakeholder engagement are presented herein.

Option 1 – Reclassify Revenue under TABOR to Free Up State General Funds and Use the Money to Offset Expenditures

Description and Background

This option would reclassify specific revenue sources to no longer count toward the Colorado Taxpayers' Bill of Rights (TABOR) limit.[72] The amount of tax revenue the state can retain as part of TABOR is subject to the TABOR limit through Referendum C, which is based on the FY 2007–08 general fund plus annual growth based on population and inflation. Revenue over this limit cannot be spent and must be refunded to taxpayers. This option would seek to legally reclassify some revenue sources, such as the Highway Users Tax Fund, to not be subject to the TABOR limit. This would allow the state to keep some amount of revenue collected that exceeds the TABOR limit. These funds, which would no longer be refunded to taxpayers, could be used to offset HSMA expenditures. This option, suggested by stakeholders and refined by TAG attendees, would make the program more sustainable only in years when revenue is above the TABOR limit, something that would be uncertain in any given year.

The legislature could implement this option as soon as FY 2025–26 without voter approval. The revenue for this option is unknown but could be some potential amount under $450 million dependent

on what revenue streams are reclassified. The largest potential revenue stream would be the Highway Users Tax Fund,[73] but other smaller sources could also be dedicated to the HSMA. Reclassifying revenue under TABOR comes with legal uncertainties and potentially opens the door for other programs in the state to do the same. Any amount of revenue for the HSMA would not be guaranteed, and the HSMA would likely have to compete with other programs for revenue. Therefore, the estimated amount of additional revenue for this option is unknown.

Stakeholder Concerns

TAG attendees expressed considerations for the financial instability of this option, given that any amount used through this mechanism could become a major and severe budget risk, particularly if the legislature decided to "reset" TABOR by opening the door for reclassification. One TAG attendee noted that "this is not a long-term or a stable budgeting mechanism" for that reason. Additionally, the option would create trade-offs with TABOR refunds for all Colorado taxpayers and compete with other budget priorities.

Stakeholder Supports

TAG expressed that this option presented few implementation concerns as it would maintain the program's current structure (universality for all students), so long as there is revenue available. Additionally, there would be no gap year in administering the program, which would make this option more administratively feasible for districts.

Focus Group Insights

Overall, focus group respondents were most likely to rank this option as part of their top three choices. Some focus groups were more likely to list this as one of their top three compared with others, including the Advisory Council for School Nutrition, nutrition advocates, and Spanish speakers.

Public Feedback Insights

Overall, public respondents listed this option as one of their top three, regardless of scenario. Government or school district employees and advocates were most likely to list this option as one of their top three choices.

Option 2 - Consider HSMA Expenditures as a TABOR Refund Mechanism

Description and Background

This option would classify HSMA expenditures as a TABOR refund mechanism. Currently, there are three refund mechanisms, which can be changed via state statute. The current mechanisms are, in order, refunding local governments the amount in uncollected revenue attributable to the property tax homestead exemption for seniors and disabled veterans, a temporary income tax rate reduction, and the six-tier sales tax refund.[74] These mechanisms are triggered only when revenue is above the TABOR cap and at specific amounts. This option would seek to count HSMA expenditures as a TABOR mechanism, meaning money spent on the program would count toward the state's refund obligation and the state would use the excess funds to cover the cost of the HSMA instead of sending a portion of refunds directly to taxpayers.

The legislature could implement this option as soon as FY 2025–26 without voter approval. The projected amounts for this option will always be tied to the TABOR surplus, which will potentially be $0 through FY 2027 due to the margin of error in the forecast. At the top end, it could be up to $365 million in FY 2025–26 and $747 million in FY 2026–27, but not all of that would need to be reclassified. Again, these projections are within the margin of error, and it is possible that refund amounts in these years could be $0. It is unknown if the HSMA could legally fit within one of the existing refund options (not the homestead exemption but potentially income tax or sales tax) or be added as a new refund mechanism. Regardless, the state would have to demonstrate how HSMA expenditures as a refund mechanism would return money to taxpayers who paid. This option would have consequences for the existing refund mechanisms and could open the door for other expenditures to be reclassified in this way. This option was suggested by stakeholders and developed by TAG attendees.

Stakeholder Concerns

TAG attendees expressed considerations for the financial stability of this option, as the projected TABOR refund amounts are uncertain and would not provide stability, given that they are within the forecasted margin of error. There have been years when there is not a refund, and it is uncertain how the HSMA would cover costs in similar situations. TAG attendees also noted that there would likely be a trade-off at the cost of other refund mechanisms, such as income tax rate reductions. The state would

also have to demonstrate how HSMA expenditures, as a TABOR refund mechanism, would return money to taxpayers who paid, as well as what mechanism would be used.

Stakeholder Supports

TAG observed that this option presented few implementation concerns as it would maintain the program's current structure (universality for all students), so long as there is revenue available. Additionally, there would be no gap year in administering the program, which would make this option more administratively feasible for districts.

Focus Group Insights

Overall, focus group respondents were unlikely to rank this option as part of their top three choices. But nutrition advocates, school administrators, Spanish speakers, and students were among the groups that were more likely to choose this option.

Public Feedback Insights

Although some individual respondents listed this option in their top three choices, public respondents overall were unlikely to list this option in their top three choices, regardless of respondent role.

Option 3 – Automatically Transfer the Annual Amount (One-Third of 1 Percent) of the Education Fund Revenue Generated by Proposition FF That Is Transferred to the State Education Fund

Description and Background

This option would retain the one-third of 1 percent of taxable income generated by Proposition FF to pay for HSMA expenditures instead of diverting it to the state education fund. Because Proposition FF generated increased state income tax revenue, its language follows the Colorado Constitution to move one-third of 1 percent to the fund.[75] This fund is used, along with the general fund and other cash funds,

to pay for education in the state. This policy option would allocate the amount from that transfer to pay for HSMA expenditures.

The legislature could implement this option as soon as FY 2025–26 without voter approval. The estimated additional revenue for this option is approximately $7.5 million annually. The Colorado Legislative Council Staff estimates the state education fund might be negative beginning in FY 2027–28 without additional policy action (LCS 2024a), which might put more pressure on keeping the revenue source from the HSMA as is. This policy option does align with Proposition FF's original intent to fund the HSMA rather than be a revenue source for other education funds.

Stakeholder Concerns

TAG attendees noted that impacts on students, families, and districts would all be dependent on whichever other funding source was reduced to pay for the HSMA, creating difficult trade-off choices for the state.

Stakeholder Supports

TAG attendees noted that this option would be administratively feasible for the state as this option presents few implementation concerns because it would maintain the program's structure (universality for all students), so long as there is revenue available. Additionally, there would be no gap year in administering the program, which would make this option more administratively feasible for districts. School district executives expressed support for this option.

During phase 2, many focus group stakeholders and public commenters emphasized the importance of ensuring that any implemented option remains closely aligned with voters' original intent. This option retains revenue generated by Proposition FF to be used explicitly for the HSMA, thereby aligning with voters' intentions.

Focus Group Insights

Overall, focus group respondents were unlikely to select this option as part of their top three choices, likely because, if not combined with another option, it would not provide enough revenue to solve the HSMA funding shortfall. Students were more likely than other focus groups to rank this option among their top three choices.

Public Feedback Insights

Although some individual respondents listed this option in their top three choices, public respondents overall were unlikely to list this option in their top three choices. Producers were the only respondent group more likely to list this option as one of their top three choices.

Option 4 – Use the State Education Fund to Cover HSMA Shortfalls

Description and Background

This option would use the state's education fund to cover any gaps between HSMA revenues and expenditures. This option was suggested by stakeholders and developed by TAG attendees. The state education fund is used for supplemental per pupil funding and other school financing to keep up with inflation.[76] Current projections suggest that the legislature needs to increase contributions from the state general fund to the state education fund by 5.3 percent in two years to maintain expenditure expectations, particularly around the new state funding formula (LCS 2024a). In FY 2025–26, the state education fund is forecast to have $544 million in unallocated funds. However, the year following it is forecast to be -$396 million without any additional policy actions (LCS 2024a). This means the state education fund is facing current funding pressures before considering any additional allocations to support HSMA. Without policy actions to allocate more funds from the general fund, any money used to cover HSMA gaps would divert funds from other education programs.

The legislature has authorized the temporary use of the state education fund for FY 2024–25 and could incorporate the automatic transfer of this portion of revenue in the FY 2025–26 budget. This option does not require voter approval.

Stakeholder Concerns

TAG attendees noted considerations around creating inequities for students in other buckets of education funding, given that this option would require cuts from other education programs. This could create additional administrative burdens for districts, depending on what other funds or programs would be affected.

Stakeholder Supports

TAG expressed that this option presented few implementation concerns, as it would maintain the program's structure (universality for all students), so long as there is revenue available. Additionally, there would be no gap year in administering the program, which would make this option more administratively feasible for districts.

Focus Group Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to focus group participants as part of the opportunity to prioritize options.

Public Feedback Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to stakeholders as part of the public feedback opportunity to prioritize options.

Option 5 – Appropriate Funds from the State General Fund to Cover HSMA Shortfalls

Description and Background

This option would use the state general fund to permanently fund HSMA by covering any shortfalls. This could be accomplished through general language about covering the gap or by tying the general fund support to any gap caused by federal decreases in the standard deduction. Current baseline projections and expenditure assumptions suggest a general fund deficit of $921 million in fiscal year 2026, meaning the state general fund is not large enough to absorb additional costs of the HSMA (LCS 2024a). This option was suggested by stakeholders and developed by TAG attendees.

The legislature could implement this option as soon as FY 2025–26 without voter approval.

Stakeholder Concerns

TAG attendees raised considerations for the financial instability of this option, given that any amount used through this mechanism could become a major and severe budget risk with the state's current budget pressures.

Stakeholder Supports

TAG expressed that this option presented few implementation concerns, as it would maintain the program's structure (universality for all students), so long as there is revenue available. Additionally, there would be no gap year in administering the program, which would make this option more administratively feasible for districts.

Focus Group Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to focus group participants as part of the opportunity to prioritize options.

Public Feedback Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to stakeholders as part of the public feedback opportunity to prioritize options.

Option 6 – Use Title I Funds

Description and Background

This option would finance any HSMA shortfalls by using Title I funds, which are federal funds allocated to schools based on student poverty rates.[77] Title I pays for several programs in Colorado, such as the Migrant Education Program. Therefore, any amount of money used to cover HSMA gaps would divert funds from other existing education programs. The legality of using Title I funds to cover HSMA

shortfalls is currently unknown. This option was suggested by stakeholders and developed by TAG attendees.

The timeline for implementing this option is dependent on several factors. While it does not require voter approval, it is unclear if it would require approval from the US Department of Education.

Stakeholder Concerns

TAG attendees noted considerations around creating inequities for students and their educational programs, given that this option would require cuts from other Title I programs and result in a direct cut to schools.

Stakeholder Supports

TAG expressed that this option presented few implementation concerns as it would maintain the program's structure (universality for all students), so long as there is revenue available.

Focus Group Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to focus group participants as part of the opportunity to prioritize options.

Public Feedback Insights

The amount of money this option would provide to close the gap between revenues and expenditures is unknown. Therefore, this option was not presented to stakeholders as part of the public feedback opportunity to prioritize options.

Option 7 – Use Expiring Pandemic Relief Funds

Description and Background

This option suggested using COVID-19 pandemic relief funds created by the Coronavirus Aid, Relief, and Economic Security Act to pay for the HSMA.[78] These funds were largely already allocated and expired on September 30, 2024, so they are no longer available for use. This option would have applied only to FY 2024–25 and would not have provided funding in additional years. This option was suggested by stakeholders and developed by TAG attendees.

This option would not result in an alternative financing option for HSMA and therefore was not modeled.

Stakeholder Concerns

TAG attendees noted there are no available funds to be used at this time.

Stakeholder Supports

None

Focus Group Insights

This option was infeasible due to the timing of the funds. Therefore, this option was not presented to focus group participants as part of the opportunity to prioritize options.

Public Feedback Insights

This option was infeasible due to the timing of the funds. Therefore, this option was not presented to stakeholders as part of the public feedback opportunity to prioritize options.

Option 8 – Alter the Proposition FF language to remove reference to the federal standard deduction and add personal exemptions

Description and Background

This option, suggested by a stakeholder and developed by TAG attendees, proposes making a technical adjustment to the add-back language in Proposition FF to keep revenues steady regardless of the TCJA expiration. Currently, Proposition FF revenue is tied to the amount between the federal deduction amounts or itemized amounts and fixed dollar amounts ($12,000 or $16,000, dependent on filer status). Language could be amended to remove the reference to federal deduction amounts and to instead clarify the add-back would be based on the combination of exemptions and itemized deductions that exceed the current limits ($12,000 or $16,000, dependent on filer status). This option would essentially avoid losing significant portions of HSMA revenue in the case that the TCJA is repealed. This option does not increase revenue above that baseline. In other words, this is a revenue neutral proposal if TCJA is extended but prevents the substantial decrease in revenue (starting in FY 2025–26 but more fully seen in FY 2026–27) based on the planned expiration of TCJA on January 1, 2026. It is unknown how taxpayer behavior might change based on this option or how other federal tax changes might influence revenue, but this option essentially keeps revenue as is projected with a full TCJA extension if tax policy reverts to a pre-2017 structure. Because this option partially decouples HSMA revenue from TCJA, it would result in $0 in the easy scenario wherein TCJA is extended in FY 2025–26 and FY 2026–27. As shown in table 14.1, estimates range between $14.3 million (LCS) and $21.4 million (OSPB) in the medium scenario in FY 2025–26 where TCJA expires as of January 1, 2026. In FY 2026–27, this option is estimated to increase revenue between $48.9 million (LCS) and $62.3 million (OSPB) in the medium scenarios. The increase in this second year is because this would be the first full tax year after the expiration of TCJA. As noted in the Revenue Estimates section, the specifications of a recessionary scenario can vary widely. This is seen in wide range in estimates of the hard scenario.

TABLE 14.1

Alternative Financing Option 8: Impact on Revenue in Medium and Hard Scenarios, FY 2025–26 and FY 2026–27

	FY 2025–26		FY 2026–27	
	OSPB	**LCS**	**OSPB**	**LCS**
Medium Scenario Estimate	$21.4	$14.3	$62.3	$48.9
Hard Scenario Estimate	$10.2	$-25.3	$37.9	$8.2

Source: Calculated by authors using estimates from OSPB and LCS using data from table k.1.

Notes. See Revenue Estimates for methodology about original sources. Medium scenario estimates the difference of this option if TCJA expires. Hard scenario estimates the difference this option could have if TCJA expires and there is a recession. As noted in the methodology, the range of recessionary scenarios is vast, and readers are encouraged to see how these scenarios were estimated.

It is unknown whether voters would need to approve this measure. Exact proposal language would require legal analysis to ascertain whether a vote was necessary. If voter approval is not needed, the legislature could implement this option as soon as FY 2025–26; if voter approval is needed, implementation could not begin until FY 2026–27.

Stakeholder Concerns

This option was proposed after focus groups concluded and public feedback phase 2 was ending. As such, we did not hear concerns from stakeholder groups or the public. TAG attendees noted that although this hedges against many federal tax risks, it would still be subject to other tax uncertainties, based on changes to tax law or other economic reasons such as a recession. TAG also noted this does not prevent all future shortfalls in the cost of the program. TAG noted this would require minimal programming by the Colorado Department of Revenue to implement.

Stakeholder Supports

This option was proposed by a stakeholder group after focus groups concluded and public feedback phase 2 was ending. As such, we did not hear from stakeholder groups or the public. But TAG attendees expressed support for the idea that this option would maintain universality in the program (as much as current revenue projections allow for universality) and be administratively feasible. Based on feedback we heard across all options from stakeholders, we anticipate that this would be highly favored by stakeholders, as it maintains universality, does not create an unfunded mandate for districts or families, and is aligned with the intent of the program.

Focus Group Insights

This option was proposed after focus groups concluded.

Public Feedback Insights

This option was proposed after public feedback concluded.

15. Best Practices and Guidance

Among policy option suggestions to make HSMA more fiscally sustainable, stakeholders suggested a number of actions that districts can take at the district or site level. These ideas were generally aligned with best practices CDE has already implemented through policy, guidance, and technical assistance, including what was required in HB24-1390, but some go beyond the stated guidance.[79] We consider these actions as supplemental to the policy options listed in the report, as they alone would not be able to make the program fiscally sustainable. In addition, these suggestions often intersect with one another and can be challenging as they extend beyond the Colorado school nutrition authority and affect other school systems. In addition to the discussion and resources provided below, CDE's general HSMA Frequently Asked Questions provides additional information (CDE 2024).

Increase Federal Reimbursements

HB24-1390, similar to laws in other states that have implemented statewide universal free meals, calls for districts to maximize federal funding.[80] This is because the costs the federal government pays defray state costs for universal free meals. Each state is doing this in different ways (see appendix B).

In response to HB24-1390, CDE contracted with Northbound Ventures to create a federal reimbursement maximization tool that the department uses to direct schools and sites toward which meal service option, if any, they should use in a given year. The tool considers school- and district-level prior year meal counts and shares of direct certification and students eligible for free and reduced-price meals via household income applications to determine which of the available school meal service options (CEP, Provision 2, and the traditional NSLP and SBP) result in the highest federal reimbursement. The tool does this at a site or district level and provides groupings that maximize federal reimbursement. Additionally, the tool does not result in a recommendation simply because the school or district qualifies for CEP. For example, because of CEP's reimbursement structure, opting for Provision 2 could result in comparatively more federal reimbursement funding than CEP for schools or groups of schools with ISPs between 25 and 40 percent. CDE will run this model as needed to ensure schools, groupings of schools, or entire districts are operating the appropriate meal service option.

Improve Direct Certification Practices

Federal requirements mandate that SFAs not participating in CEP or Provisions 2 or 3 process direct certification three times a year (FNS 2018). CDE requires SFAs to process direct certification one additional time, for a total of four required uploads. Compliance with this requirement is tracked during the administrative review process. SFAs operating under special provisions are strongly required by CDE to annually run direct certification, because of statewide direct certification systems and because the USDA requires states to meet annual direct certification benchmarks. CDE has specifically required this due to mandated ISP and SNAP-match reporting. CDE best practices suggest that all SFAs complete the direct certification process monthly or more frequently, to identify students as new student data is added to the direct certification system. In addition, beginning in SY 2023–24, CDE mandates that one person from each SFA is trained annually on direct certification matching.[81]

Improve Household Income Application Form Collection

Sites operating traditional NSLP or SBP (or Provision 2 in the base year) use USDA funds to collect free and reduced-price meal applications from families to determine whether students qualify for free or reduced-price meals. CEP sites are not allowed to collect meal applications or use USDA funds to collect or process household income forms, as part of CEP's structure is to remove the burden of collecting forms by relying on direct certification instead. CEP sites can still collect family economic data surveys (i.e., FEDS forms) at their own cost. But it is historically more difficult to get students to return FEDS forms when students are already receiving school meals for free. Districts that operate both CEP and non-CEP sites can use a "combination form," which is accepted by the USDA for non-CEP sites and is acceptable for CEP sites to collect.

HB24-1390 required CDE "to create a policy for SFAs to maximize the collection of household income application forms for NSLP to increase federal funding for the program." SFAs that participate in HSMA will implement this policy to "maximize the collection of household income application forms."[82] To ensure schools are maximizing their federal reimbursements via the tool above, it is necessary to ensure schools and districts have the most up-to-date household income application and direct certification data.

In response to HB24-1390, CDE created an official policy that provides application processing, outreach and awareness, and guidance to maximize free and reduced-price meal applications or

combination forms for sites not operating CEP (CDE n.d.-c). SFAs operating CEP at all sites, and non-base year Provision 2 sites are not subject to this policy.

Additional CDE supports include guidance on the following:

- **Mandatory household income application form during school registration.** Traditional free and reduced-price meal applications that non-CEP schools use, per interpretation of federal guidance, cannot be made mandatory. FEDS forms, however, can be made mandatory at school districts' discretion. CDE provides additional resources and guidance for districts, including outreach and form templates, depending on the districts' school meal service.[83]
- **Provide incentives for household income application collection.** CEP sites' use of FEDS forms can have attached incentives (e.g., using a raffle or providing prizes), yet federal guidance demonstrates that traditional and combination forms should not be tied to incentives (CDE 2024). But CDE has offered to work with districts to help them find ways to promote the importance of the forms.

Stakeholders suggested that Colorado's recent implementation of the federal summer assistance program Summer EBT can also be leveraged to improve household income application collection.[84] Students who qualify for free meals via direct certification are automatically provided Summer EBT benefits. But students who are income eligible but not directly certified have to fill out either a traditional free and reduced-price meal form, a combination form, or a FEDS form (depending on the student's school or district) to receive the benefit. CDE has provided districts with talking points,[85] as well as an eligibility flow chart (CDE, n.d.-a) and outreach materials,[86] to help districts explain Summer EBT's need for form completion. Because students receive free meals only during the school year, there is an incentive for students to return the forms to acquire the summer benefits, and the forms can be used in the following school year's household income application data.

Increase District Revenues

Snack Bars

Some stakeholders suggested that districts use snack bars (i.e., à la carte items) to increase their district-level revenues and help pay for HSMA. Others similarly suggested increasing the prices of à la

carte items. CDE noted that snack bars are a local-level decision, and the department does not provide any best practices around snack bars' implementation or use.

Decrease District Expenditures

Reduce Food Waste

One of HB24-1390's requirements included investigating how to minimize food waste as a cost reduction measure. When stakeholders were asked for best practices around reducing food waste, they provided both suggestions and obstacles. CDE also recently repurposed a staff position to focus on food waste.[87]

Offer versus Serve

Schools operating under NSLP and SBP are required to follow federal requirements regarding the food provided to students.[88] Offer versus Serve (OVS) allows students to decline some food offered to reduce food waste. It is required for high school students (grades 9–12) and optional for grades K–8, though stakeholders noted this can be difficult, given limited lunch times and increased participation rates. CDE provides additional guidance around the minimum food components necessary to create a reimbursable meal (CDE, n.d.-b).

Salad Bars

Several stakeholders noted that salad bars have been helpful in reducing food waste. Salad bar adoption is a local-level decision and can be used for all grade levels. USDA provides best practices guidance,[89] and CDE provides additional guidance for food safety and meal production records.[90]

Share Tables

Stakeholders noted that providing students "share tables" can reduce food waste. Students can return whole food or beverage items they choose not to eat to these tables, which then become available to other students who may want additional servings. Both USDA and CDE provide guidance on the use of share tables.[91]

Additional Eating Time

Stakeholders suggested providing additional eating time for students to finish their meals and therefore reduce food waste. The time used to eat breakfast is considered instructional time, allowing students to eat in the classroom after the bell (Córdova, Rosenkrance, and Okes 2024). But lunch is not considered instructional time. Increased participation in school lunch means serving more students in the same limited time frame, which stakeholders said can be difficult. Although a task force was proposed in 2024 to evaluate Colorado schedule lunch time policies, it did not pass.[92]

Long Meal Service Lines

Similar to the concerns around time for students to eat lunch, stakeholders noted that increased participation also meant longer meal service lines. CDE has provided best practice guidance, suggesting alternative serving models that could shorten long food lines, including using tables for additional point-of-service stations and offering all options on all serving lines (CDE 2024).

Dietary Recommendations and Meal Pattern Updates

Some stakeholders were concerned that meal patterns are not aligned with the most recently available guidelines. But USDA has updated menu requirements to reflect current dietary recommendations according to the 2020–25 dietary guidelines for Americans.[93]

16. Conclusion

Colorado's statewide Healthy School Meals for All provides reimbursement for students' free school meals regardless of economic background and provides funding for other programs supporting local food systems and school food service workers.

Colorado, like seven other states, implemented a universal meal program to ensure all children receive adequate nutrition during the school day—by reducing stigma for those who qualify but may feel ashamed to receive free meals and not basing meal eligibility on the federal poverty level and other criteria that may not fully capture children's level of hunger. Like some states, Colorado tied universal free meals to the local economy by providing financial support for farm to school ecosystems and school nutrition staff. Different from all other states, however, is its revenue source—a sole programmatic revenue source in the form of an add-back in tax deductions for taxpayers earning over $300,000. The design of this revenue source, which is highly dependent on federal and state tax policy, in combination with an underestimation of student participation, has left uncertainty about the fiscal sustainability of the program.

This report outlines the work of the TAG as called for in HB 24-1390 to identify ways to maximize federal reimbursements; reduce costs of the program; review cost-savings options, including minimizing food waste; strengthen the long-term resiliency of the HSMA cash fund; create model revenue scenarios; and provide policy options to balance program revenues and expenditures.

Who Can Participate in HSMA?

All SFAs participating in federal school meal programs can opt into HSMA. HSMA reimburses participating SFAs for the difference between the federal free meal rate and the paid meal rate. HSMA, beginning in SY 2024–25, requires SFAs to maximize federal funding by following CDE's guidance on which meal service option maximizes federal funding and in what grouping (individual site, group of sites, SFA-wide). Before HSMA, many students were already receiving free meals: some qualified for free meals through the traditional federal programs, and Colorado already paid the difference between reduced-price and free meals for students federally eligible for reduced-price meals.

What Does HSMA Call For?

HSMA and its funding source were approved by voters via Proposition FF in November 2022. The universal free meals component of the program began in SY 2023–24. Nearly 30 million breakfasts and over 70.8 million lunches were served to Colorado students in the first year of the program, 32 percent more meals than were served before the program began.

Beyond free meals, HSMA calls for local food procurement grants for SFAs to purchase products grown, raised, and processed in Colorado for school meals and to pay for training, equipment, and technical assistance to increase SFAs' ability to use locally grown food. HSMA also increases school food workers' pay through increased wages or stipends. Although these program components were slated to begin in SY 2024–25, the legislature amended the program in April 2024 to delay implementation by one year, pending available funds.

Why Is HSMA Not Fiscally Sustainable?

To fund HSMA, Colorado voters approved Proposition FF in November 2022, a dedicated revenue source for the program. Proposition FF limits tax deductions for high-income earners by creating an add-back on standard and itemized filers' Colorado state tax deductions for those earning more than $300,000. For these filers, all deduction amounts over $12,000 (single filers) or $16,000 (joint, head of household, and married filing separately) are no longer deducted but instead are collected to fund HSMA. According to the preliminary revenue actuals for tax year 2023 (to be finalized on December 1, 2024) from OSPB, Colorado brought in $127.0 million through Proposition FF in FY 2023–24. These funds directly pay for HSMA, with two exceptions. First, per the Colorado Constitution, one-third of 1 percent of taxable income, inclusive of Proposition FF revenue, goes to the state education fund. Second, any amount of revenue collected above the forecasted amount on the ballot ($100.7 million) must be refunded to voters because of TABOR.[94]

Although Proposition FF has provided higher revenue than earlier 2022 forecasts, revenues have not kept up with the costs of HSMA. HSMA, like similar programs in other states, had higher-than-expected participation in its first year. School breakfast participation increased 37 percent and lunch participation increased 30 percent from SY 2022–23 to SY 2023–24. During its first year (SY 2023–24), actual program reimbursements were roughly $46 million higher than originally anticipated for the first year of program implementation, and an additional $6.5 million was needed from the State Education Fund to provide sufficient funding for the program. Colorado's General Assembly filled this gap and

made other cost choices in the 2024 legislation—such as delaying the grants programs and the additional pay for school food service workers and mandating SFAs follow CDE's guidance to maximize federal funds.

It is unlikely that the state will continue to experience participation rate increases at the same levels of the first year of HSMA. Four states have been operating HSMA for an additional year: Vermont and Massachusetts have each seen a 1 percent increase in total meals served from the first to second year, Maine saw a 3 percent increase, and California had a 6 percent increase. Yet, Colorado is still facing major concerns about fiscal sustainability in future years and uncertainty remains about future costs and revenues.

On the expenditure side, there are unknowns, such as

- The unknown increase/decrease in participation from year 1 to year 2; the first full month of program participation data for SY 2024–25 will not be available until January 15, 2025.
- If costs will decrease from year 1 to year 2 because more SFAs are maximizing federal reimbursements via CEP or Provision 2; after year 2, this could remain relatively steady, assuming there are no widespread federal changes to CEP and no recessions or ISPs.
- How any changes made to HSMA will change SFAs' participation in the program (and associated costs).
- When revenues will be sufficient to implement the grant programs and staffing stipends.
- How and when the state will begin creating a reserve to protect the program in future years.

The revenue side is increasingly difficult to predict:

- Proposition FF is tied to Colorado state tax law; Colorado state tax law conforms with federal tax law—meaning any changes to federal tax law will affect Proposition FF's revenue stream.
- Proposition FF creates specific thresholds over which taxpayers must add back their deductions. This currently brings in significant revenue from taxpayers who use the standard deduction and those who itemize. But if the Tax Cuts and Jobs Act expires on January 1, 2026, standard deduction amounts will be reduced by approximately half. For filers using the standard deduction, this will reduce those filers' add-back to nearly zero. As a comparison, a joint filer making over $300,000 using the standard deduction currently contributes $13,200 toward HSMA annually. Although there is a possibility that the federal government will continue the higher standard deductions, this cannot be guaranteed.

- The first full year of revenue data for the program will be finalized as of December 1, 2024, and OSPB and LCS will issue updated forecasts in mid-December.
- Other economic shocks could affect the program, such as a recession, and these are hard to predict.

Although these uncertainties make policy considerations challenging to contemplate, the TAG attendees created three scenarios to illustrate a range of possibilities (table 16.1). The scenarios do not represent the full range of possibilities **and do not include the costs of the delayed grant and wage programs, as they are subject to available appropriations, nor do they include additional reserve amounts needed to plan for a recession.** However, these scenarios do provide estimates policymakers can use to assess policy options.

TABLE 16.1

Difference in Millions of Dollars between HSMA Revenues and Expenditures in Three Scenarios, FY 2024–25 through 2026–27

	FY 2024–25	FY 2025–26	FY 2026–27
Easy	$19.5	$19.2	$23.8
Medium	$10.2	-$10.5	-$49.4
Hard	-$16.5	-$61.1	-$102.1

Source: Calculated by authors using estimates provided by Legislative Council Staff, Office of State Planning and Budgeting, and Bright Fox Analytics as of November 22, 2024.

Notes: Additional background and information describing the three scenarios can be found in the Revenue and Expenditure Estimates section and in appendix K.

What Policy Options Does Colorado Have?

TAG attendees gathered ideas for policy options to make HMSA more sustainable through design sessions, public feedback, and consultation with relevant state agencies and office. For each of these options, TAG attendees and the Urban Institute gathered stakeholder input on policy considerations across the themes of universality, fiscal sustainability, impact on students and families, state and district administrative feasibility, impact on school districts, research, and disparate rural and urban impacts. Where available data existed to support analysis, TAG attendees, including technical advisers and consultants, modeled each policy option to determine its estimated impact on revenues or expenditures. The top-level overview of the resulting 27 policy options for policymakers to consider can be seen at the end of the executive summary. The options are sorted into three categories: revenue raising, alternative financing, and cost reducing.

What Do Colorado Stakeholders Think about the Policy Options?

TAG attendees employed a two-phase engagement strategy; both phases included key stakeholder focus groups and open, online public feedback. CDE and TAG attendees identified key stakeholders from various groups, including school and school food administrators, families, students, and advocacy organizations. The first phase gathered themes most crucial for legislators to consider, elicited potential policy options to make HSMA more sustainable, and sought input on people's experiences with the program. The second phase presented all available policy options to stakeholders with information about the policy considerations aligned to the stakeholders' suggested themes and estimated revenue and expenditure impacts of each option (where available), presented a range of contextual factors about future sustainability, and asked stakeholders to prioritize the options.

Stakeholders resoundingly stated two things.

- HSMA's universal meals should be maintained as originally legislated; it is too soon to cut a program that has just begun. In other words, stakeholders strongly oppose any policy options that cut or remove the universality of HSMA's free meals.
- HSMA's local food grant programs and staffing enhancements should be implemented in SY 2025–26, and the state should provide a guarantee for the local food grant program, so that farmers and local economies can plan and thrive. Stakeholders note that voters approved this program inclusive of local food producers, and they noted farmers have already lost trust because of the delayed implementation.

Stakeholders, familiar with the constraints posed by TABOR, largely understood the pressure that the state education fund and state general fund face in the coming years and understood legislators likely would not be able to use those funds to supplement the program. Stakeholders believe the retention measure to allocate funds above the forecasted amount to HSMA will pass, and that presumption is included throughout this report.

In general, two policy options to make HSMA more sustainable most aligned with stakeholders' feedback:

- Alter the language of Proposition FF to decouple it from the federal standard deduction amounts (Option 8 - Alter the Proposition FF language to remove reference to the federal standard deduction and add personal exemptions). This would allow revenues to continue as currently projected upon the expiration of TCJA, other federal tax policy changes withstanding.

In other words, this **keeps revenue at or close to the Easy scenario** described above (where TCJA is extended). Because this option would not raise new taxes, this option might not require voter approval.

- Alter HSMA legislation to allow the one-third of 1 percent currently diverted to the state education fund to be maintained in the HSMA cash fund. This would **increase revenues by approximately $7.5 million** annually. When stakeholders prioritize options, they understood this option alone would not solve HSMA's sustainability issues, but anecdotally noted that it should be adopted as one of several options.

If these two stakeholder-preferred options were implemented, that would leave a remaining estimated gap close to the dollar amounts listed in table 16.2, pending updated forecasts and expenditures. **Expenditure estimates here and throughout the report do not include the costs to implement the delayed grant programs and staffing costs associated with HSMA (an estimated cost of more than $32 million), as they are dependent on available appropriations. They also do not include additional amounts needed to create a reserve to sustain the program in case of a recession or other unexpected changes (goal of 40 percent of one-year of expenditures).**

TABLE 16.2

Difference in Millions of Dollars between HSMA Revenues and Expenditures, FY 2024–25 through 2026–27

Proposition FF Language Amended to Remove References to Federal Standard Deduction and One-Third of 1 Percent Option is Implemented

	Revenues	Expenditures	Plus 1/3 of 1%	Difference
FY 2024–25	$131.5	$112	N/A	$19.5
FY 2025–26	$141.2	$122	$7.5	$26.7
FY 2026–27	$153.8	$130	$7.5	$31.3

Source: Calculated by authors using estimates provided by Legislative Council Staff, Office of State Planning and Budgeting, and Bright Fox Analytics as of November 22, 2024.

Notes: N/A = Not applicable. This uses the Easy scenario to estimate the impact of altering the Proposition FF language to decouple it from the federal standard deduction amounts to avoid the risk of the TCJA expiration. The participation growth assumptions for both free and paid meals are 5 percent in SY 2024–25, 4 percent in SY 2025–26, and 3 percent in 2026–27. This does not account for any recessionary scenarios or funds needed to build a reserve.

The differences between revenues and expenditures shown in table 16.2 demonstrate that HSMA could be fiscally sustainable for the next three years if these two policy options were to be implemented, but the remainder would not be enough to cover the grant and wage programs associated with HSMA, a cost of over $32 million annually. It also does not result in enough to gradually create an HSMA reserve to fortify the program. Therefore, legislators may wish to consider additional policy options shown in

the executive summary and throughout the report, such as the stakeholder suggested and preferred revenue-raising options, such altering the Proposition FF deduction caps or eligibility thresholds.

What Can We Learn from Other States with Similar Programs?

The Urban Institute conducted research to see what lessons could be learned from other states that have implemented universal free meal programs. The team conducted desk research on the seven other states by analyzing legislative, budget, and school nutrition documents from California, Maine, Massachusetts, Michigan, Minnesota, New Mexico, and Vermont and conducted interviews with officials in five of these states to learn about program sustainability, maximizing federal funding, and measuring success. Although interesting information emerged, the main takeaways were as follows:

- States who have had two full years of universal free meals generally saw participation increases of 1 to 6 percent between years 1 and 2 of the program. *This is lower than the amounts used for Colorado's scenario planning in the Medium and Hard scenarios.*
- Many states make universal free meals mandatory. This ensures universality and provides more predictability in forecasting but likely results in higher costs. *All eligible Colorado SFAs are already participating, so these costs have been estimated. However, this makes any cost-reducing options hard to estimate, as SFAs may stop participating in the program.*
- All states have faced similar challenges to Colorado related to the practicalities of increased participation (e.g., long lines, kitchen infrastructure) and school staffing shortages.
- Colorado's revenue mechanism and TABOR environment make it unique compared with other universal free meal states that generally rely on broad-based taxes for their program and have a greater ability to increase revenues for new state programs.

What Is Next?

We look forward to the legislature's insights and decisions as to how to make Healthy School Meals for All sustainable. Agreed upon by voters, HSMA is a young program but one that has already dealt with many changes. As legislators look to the future, there are a variety of risks to ensuring fiscal sustainability. But TAG attendees and a large number of stakeholders have come together with a set of policy options, some of which are likely to be feasible, significantly mitigate the risk of federal tax

changes, and ensure that the students, food producers, and school nutrition staff are included in the program. Additionally, there are a variety of options—ranging from substantially changing the form of the program to small contributions to increasing revenue—that the state can use its best judgement on. This report, additional supporting documentation maintained by the Colorado Department of Education, and planned updates to the revenues and expenditures in the coming months will ensure the Joint Budget Committee, governor, Department of Education, legislators, stakeholders, and voters have the information they need to make HSMA sustainable.

Appendix A. Technical Advisory Group Participants and Technical Support

Colorado Department of Education

- Jenny Herman, Manager of State Nutrition Programs
- Shelbie Konkel, Senior Legislative Advisor
- Kerri Link, Supervisor of Nutrition Programs
- Jennifer Okes, District Operations Special Advisor
- Wayne Peel, Chief Financial Officer
- Meghan Perkins, Data Manager for School Nutrition Programs
- Brehan Riley, Executive Director of School Nutrition
- Sheldon Rosenkrance, Chief District Operations Officer
- Lyza Shaw, Supervisor of Nutrition Programs

Colorado Department of Agriculture

- Amanda Laban, Chief Markets Director
- Michele Meyer, Senior Programs Manager of Food System Development

Colorado Office of State Planning and Budgeting

- Soumanetra Ghosh, Economist and Budget Analyst
- William Mixon, Senior Economist and Budget Analyst

School Districts

- Brett Johnson, Chief Financial Officer, Aurora Public Schools

Colorado Department of Education Consultant

- Kate Watkins, President and Chief Economist, Bright Fox Analytics

Technical Support

Colorado Joint Budget Committee

- Amanda Bickel, Chief Legislative Budget and Policy Analyst

Colorado Legislative Council Staff

- Anna Gerstle, School Finance & Fiscal Analyst
- Elizabeth Ramey, Principal Economist
- Greg Sobetski, Chief Economist

Appendix B. Scan of State Universal Free Meal Programs

Throughout this report, we use the term “universal free meals” for the sake of comparison. States’ programs have intentional names that differ.

TABLE. B.1

California

State’s Program Name	Universal Meals Program
Year First Implemented	SY 2022–23. Assembly Bill 130, passed in July 2021, added Education Section 49501.5 of the California Education Code (making California the first state to implement a universal free meals program for school children).
Legislative or Voter Approval	Universal free meals were passed by the California State Assembly. No voter approval was needed.
Mandatory Participation	Yes for school districts, county offices of education, and charter schools.
Revenue Mechanism	The program is funded by Proposition 98, which provides funding for the state’s schools. Proposition 98 is funded through the state general fund and local property taxes. No new taxes were levied to fund the program.
State Budgeting Context	California uses an annual budget and must pass a balanced budget. However, the state can carry a deficit year to year. In FY 2024–25, the state deficit was $47 billion. For any state tax increases, California needs approval from a majority of voters or a two-thirds majority of the state legislature (assembly and senate); local government property tax rates are extremely limited by Proposition 13.
Community Eligibility Provision and Provision 2	As amended by Senate Bill 153 in 2024, school districts with a school with an identified student percentage of 40 percent or higher are required to apply to be Community Eligibility Provision or Provision 2 schools to participate in universal free meals. California defines these schools as “very high poverty schools” in a near-eligible list. State law also directs the California Department of Education to provide technical assistance to help district and county leaders maximize federal funds. The department focuses these efforts on how to maximize federal funds through groupings to schools with identified student percentages between 25 and 40 percent. Each district has schools conduct precertification before applying to the federal programs.
Direct Certification	State law (section 49564.3 of the Education Code) requires monthly direct certification matching through the California Longitudinal Pupil Achievement Data System.
Forecasting Participation	Each January, the Department of Education provides the Department of Finance with a legislative report on universal meals projections for the new program year. When the May Revision to the state budget is released, the Department of Education has refined the projections based on actual current claims.
Local Food	Schools have used one-time state funding and ongoing federal grants to improve scratch cooking and to purchase and use locally sourced foods. The Department of Education holds monthly coordination meetings with the Farm to School office.
Food Waste	California has many food waste and recycling initiatives mandated by state law outside of the Universal Meals Program. For example, Senate Bill 1383 requires schools to reduce methane emissions related to organic waste.
Noted Challenges	No regional indexing or accounting for high cost-of-living; the large state deficit puts pressure on the state to reduce costs.

Highlights	California began allowing schools to provide universal free breakfast if they participated in the School Breakfast Program in SY 2019–20. Additionally, it allows applications for free and reduced-price meals to be used, with consent, to automatically apply for Medi-Cal (Medicaid) through an accelerated process.

Sources: Education Omnibus Budget Trailer Bill, California A.B. 130 (2021); California Education Code, Title 2, Division 4, Part 27, Chapter 9, Article 8; "California State Budget, 2024-24," State of California, accessed November 20, 2024, https://ebudget.ca.gov/2024-25/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf; "California Universal Meals," California Department of Education, accessed November 19, 2024, https://www.cde.ca.gov/ls/nu/sn/cauniversalmeals.asp; "Universal Meals Program Implementation Guidance," California Department of Education, September 2024; Gabriel Petek, *The 2024–25 Budget: California's Fiscal Outlook* (Sacramento: California Legislative Analyst's Office, 2023); "School Waste Reduction Programs," CalRecycle, accessed November 19, 2024, https://calrecycle.ca.gov/recycle/schools/; "State Fiscal Briefs: California," Urban Institute, October 2024, https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-briefs/california; discussion with California Department of Education school nutrition staff, October 2024.

TABLE B.2

Colorado

State's Program Name	Healthy School Meals for All
Year First Implemented	SY 2023–24. In June 2022, Colorado passed House Bill 22-1414, creating the state's universal free meals program. In November 2022, Colorado voters approved Proposition FF, which created the revenue stream to fund the program. In April 2024, House Bill 24-1390 amended the program, removing the local food provisions for one year, allowing the Colorado Department of Education to direct Community Eligibility Provision groupings, requiring schools to adopt the groupings to apply for Healthy School Meals for All, and mandating other items, such as the creation of the Technical Advisory Group.
Legislative or Voter Approval	Healthy School Meals for All did not need voter approval but its funding mechanism, Proposition FF, did.
Mandatory Participation	No. It is optional for any Colorado public school district, charter school food authority, board of cooperative educational services, day treatment facility, or residential child care facility that participates in the National School Lunch Program and School Breakfast Program.
Revenue Mechanism	The program and its cash fund are funded with revenue collected from Proposition FF. Proposition FF creates an add back on standard and itemized deductions for taxpayers earning more than $300,000.
State Budgeting Context	Colorado has an annual budget and must pass a balanced budget; however, it can carry a deficit into the next year. Colorado's Taxpayer Bill of Rights limits revenue or expenditure increases above a base limit, adjusted for population and inflation. Any revenue above that limit is returned to taxpayers.
Community Eligibility Provision and Provision 2	The Colorado Department of Education, through a consultant, built a Community Eligibility Provision maximization tool, which groups sites and schools into single entities or clusters to maximize federal funding and identifies whether eligible schools would receive larger federal reimbursements under Provision 2. Schools must apply based on the state recommendation if they wish to participate in universal free meals.

Direct Certification	The Colorado Department of Education requires sponsors to process direct certification four times a year. The department's best practices suggest that all sponsors complete the direct certification process monthly or more frequently, to identify students promptly as new student data are added to the direct certification system. Beginning in 2023–24, the department mandates that one person from each school food authority be trained annually on direct certification matching.
Forecasting Participation	Original participation rates were determined by utilizing meals counts from 2018-19 and factoring in a 25 percent participation increase. During the Pandemic, a 20 percent average increase was seen based on district surveys and calculated average meal count. After the first year of Healthy School Meals for All, Colorado contracted with Northbound Ventures to create a tool to predict program participation using data down to the site level plus an increase in utilization from year 1 to year 2 that ranges from 5 to 20 percent and increases of 4 and 3 percent, respectively, in years 3 and 4 of the program.
Local Food	Healthy School Meals for All initially included local food procurement grants that would provide school food authorities with grant funding to: "purchase products grown, raised, and processed in Colorado to include in school meals; increase wages or provide stipends for employees who prepare and serve school meals; and receive training, equipment, and technical assistance, via a nonprofit organization, to help prepare healthy school meals using basic, nutritious ingredients, and to support collaboration between schools, communities, and local food growers." But House Bill 24-1390 delayed these parts of the program until SY 2025–26, depending on available revenues.
Food Waste	One of House Bill 24-1390's requirements included investigating how to minimize food waste as a cost-reduction measure. The Colorado Department of Education provides specific guidance on several practices that can contribute to or reduce food waste, including offer versus serve and the provision of salad bars and share tables. The department also acknowledges the need for additional eating time and provides best practices around long meal service lines.
Noted Challenges	The gap between revenues and expenditures is a challenge for fiscal sustainability. Additionally, the implementation delays in local food grant programs and school nutrition staffing stipends have limited the original intent and impact of the program.
Highlights	Colorado's creation and use of the federal reimbursement maximization tool is something no other state is doing.

Sources: Colorado Legislature. n.d. *Proposition FF: Healthy School Meals for All;* HB22-1414, 72nd Gen. Assemb., Reg. Sess. (Colo. 2022).; HB24-1390, 74th Gen. Assemb., Reg. Sess. (Colo. 2024). Colorado Revised Statutes 2023, Section 39-22-104 (3)(p.5) (2022) https://leg.colorado.gov/sites/default/files/images/olls/crs2023-title-39.pdf

TABLE B.3

Maine

State's Program Name	No Charge Meals
Year First Implemented	SY 2021–22 / SY 2022–23 (temporary); SY 2023–24 (permanent). H.P. 156 - LD 221 (section OOOO), passed in July 2021, provided seed funding for SY 2021–22 and SY 2022–23. L.D. 1679 (S.P. 540) was signed into law in May 2022 to make the program permanent starting in SY 2023–24.
Legislative or Voter Approval	Universal free meals were passed by the Maine State Legislature. No voter approval was needed.

Mandatory Participation	Yes for public schools only. In 2022, S.P. 540 required a study to determine the cost of including private schools that enroll 60 percent or more publicly funded students. Public Law 759 Part D now provides funding for publicly funded students attending a private school where the share of publicly funded students is 60 percent or greater, but participation is optional.
Revenue Mechanism	State law established the Meals for Students Fund by dedicating $10 million in obligated surplus funds at the end of FY 2021. Additional funds have been appropriated through the state general fund to support the program. No new taxes were levied to fund the program.
State Budgeting Context	Maine has a biennial budget and must balance revenues and expenditures, but it can carry deficits across years. Maine's rainy day fund, the Budget Stabilization Fund, reached its statutory limit and a record high in FY 2023 and FY 2024.
Community Eligibility Provision and Provision 2	State law requires schools to maximize federal funding, including requiring schools to request that each family complete a household income form if they are not able to obtain that information from another system. The state encourages schools to apply to the Community Eligibility Provision and Provision 2 programs but does not direct schools individually to do so.
Direct Certification	Direct certification numbers may increase because of Maine's recent Medicaid expansion. Direct certification happens three times a year.
Forecasting Participation	Maine uses the previous year's participation numbers to forecast expenditures.
Local Food	In 2023 state law added a Local Foods Fund that can receive public and private revenue. It matches $1 for every $3 a school spends on locally sourced foods (defined as sourced from within the state) up to $5,500 annually.
Food Waste	While the legislation is silent, the state has been doing a pilot with a university center to work on solutions with three to four schools annually.
Noted Challenges	Maine hopes to increase student participation in universal free meals from the current ~60 percent of students to 80 percent of students, especially by encouraging school participation in rural areas. Staffing time and school lunch lines were both noted as challenges, as was ensuring families fill out the free-and-reduced-price-meal forms.
Highlights	Before its universal free meals program, Maine required schools where 50 percent or more of students received free or reduced-price meals to offer an alternative breakfast model. The program continues through the No Charge Meals program. The state's reserve provides a backstop for the program should it be needed. A one-time state grant also provided funds for kitchen equipment.

Sources: H.P. 156, 130th Maine Legislature (2021); S.P. 540, An Act Regarding Expanding Access to Free School Meals, 131st Maine Legislature (2022); Maine Revised Statutes, Title 20-A, Part 3, Chapter 223, Subchapter 7; "State Fiscal Briefs: Maine," Urban Institute, October 2024, https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-briefs/maine; "State of Maine ends Fiscal Year 2024 with Surplus," Maine Department of Administrative and Financial Services, August 2, 2024, https://www.maine.gov/dafs/news/state-maine-ends-fiscal-year-2024-surplus#:~:text=The%202024%20fiscal%20year%2Dend,were%20transferred%20through%20the%20cascade.; discussion with state nutrition leaders, October 2024.

TABLE B.4

Massachusetts

State's Program Name	Universal Free School Meals
Year First Implemented	SY 2022–23. House Bill 5050 (7053-1909 and 1925), signed into law in August 2022, amended Massachusetts state law (Chapter 69: Section 1C).
Legislative or Voter Approval	Universal free meals were passed by the Massachusetts General Court (the state legislature). No voter approval was needed. However, voters did approve the Fair Share Amendment, which created a new tax that provides funds for education.

Mandatory Participation	Yes. When the initial legislation was drafted, it did not include private schools that participate in the National School Lunch Program; however, the law now includes those schools.
Revenue Mechanism	Meals are paid for through the state budget. In November 2022, the state voted to augment education and transportation in the budget through the Fair Share Amendment, which collects a 4 percent surtax on individual income over $1 million. In FY 2024, the Fair Share revenue paid for the entirety of the Universal Free School Meals program.
State Budgeting Context	Massachusetts has an annual budget and must pass a balanced budget, but deficits can be carried over to the next year.
Community Eligibility Provision and Provision 2	State law requires schools to maximize federal funding by applying to participate in Community Eligibility Provision, Provision 2, or other provisions of the federal government. Families are incentivized to fill out family income forms for other educationally related benefits, but the data are used for free and reduced-price lunch. When the federal government reduced the identified student percentage a school needed to become a Community Eligibility Provision school from 40 to 25 percent in 2023, the state successfully petitioned USDA to allow for midyear CEP changes.
Direct Certification	Direct certification is checked by school districts via the Executive Office for Health and Human Services Virtual Gateway.
Forecasting Participation	The Massachusetts Department of Education uses a running script to calculate a per-school-day reimbursement rate. The state uses the current year's data combined with the number of remaining school days in the year to predict yearly costs. During September and October, the state uses the previous year's numbers. The department feels this has been an accurate prediction mechanism.
Local Food	While there have not been specific initiatives related to local food, the department shared that schools purchase local food. The state believes the program is more politically sustainable because of the integration of the program with local economies.
Food Waste	Massachusetts is completing a food waste study, for which it has engaged academic experts. The study is expected to be issued in late 2024. The state noted that serving meals according to the federal standards and allowing for some food waste based on students' preferences provide the greatest opportunity for students to get an education in nutrition during their time in K-12.
Noted Challenges	Massachusetts noted challenges related to school nutrition staffing. It also noted families' confusion around needing to fill out the free-and-reduced-price-lunch forms.
Highlights	Before the Universal Free School Meals program, Massachusetts offered free breakfast after the bell to all students in schools with identified student percentages of 60 percent or greater. That program continues through Universal Free School Meals. The state encourages districts to become SNAP outreach partners, which provides federal funds to schools to conduct outreach; the state believes this will continue increasing the federal reimbursement amounts.

Sources: H.B. 5050, 192nd Massachusetts Legislature (2021–2022); Massachusetts General Laws, Part I, Title XII, Chapter 69, Section 1C; Proposal for Constitutional Amendment H. 86 (191st Massachusetts Legislature, 2019–2020); *Universal Free School Meals: FY24 Legislative Report* (Everett: Massachusetts Department of Elementary and Secondary Education, 2024); "State Fiscal Briefs: Massachusetts," Urban Institute, October 2024, https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-briefs/massachusetts; discussion with Massachusetts Department of Elementary and Secondary Education school nutrition leaders, October 2024.

Note: Massachusetts was unable to confirm their data prior to the publication of this report.

TABLE B.5

Michigan

State's Program Name	Michigan School Meals
Year First Implemented	SY 2023–24 / SY 2024–25 (temporary). The state has not passed legislation for a universal free meals program but has provided funding and guidance through its past two education omnibus bills (S.B. 173 PA 103, 2023, and H.B. 5507 PA 120, 2024).
Legislative or Voter Approval	The universal free meals funding and guidance were passed by the Michigan Legislature. No voter approval was needed.
Mandatory Participation	No. It is optional for public schools and the Michigan School for the Deaf. The state specifically specifies students up to the age of 26 are eligible if they attend a special education program.
Revenue Mechanism	The program has been paid for through the state's education budget, the school aid budget. The state education appropriations have included funding to build a school meals reserve fund, which aims to hold money for future school meal expenses. No new taxes were levied to fund the program.
State Budgeting Context	Michigan has an annual budget and must pass a balanced budget. It can carry a deficit into the next year.
Community Eligibility Provision and Provision 2	Yes. Schools must apply to be Community Eligibility Provision schools if their identified student percentages are equal to or greater than the percentage required to be CEP schools (currently 25 percent, which could change if the federal provisions change). The Michigan Department of Education, through a consultant, groups sites to maximize federal reimbursement. Michigan requires schools to create policies that require families to fill out family income information that can be used for free-and-reduced-price-lunch forms.
Direct Certification	Direct certification is refreshed biweekly via a statewide system, the Michigan Student Data System. The Michigan Department of Education requires schools to follow USDA regulations, which stipulate refreshing certification three times a year, but promotes pulling down a new report biweekly as a best practice.
Forecasting Participation	The first-year forecast of universal free meals was based on a projection model created by Share Our Strength, an advocacy and grantmaking organization focused on ending child hunger. The department consulted with Share Our Strength and provided it with data, which the organization used to populate an existing model. For the second year of universal free meals, the department used SY 2023–24 participation data plus a 5 to 10 percent increase to account for potential growth. The state is now examining the data at frequent intervals to monitor any changes in participation.
Local Food	Michigan has a long-standing local food program that did not change with the universal free meals program.
Food Waste	The universal meals program does not have any direct ties to food waste programs; however, a statewide working group is examining food waste across multiple industries and recently issued a report on food-waste-reduction strategies.
Noted Challenges	While a bill has been proposed to make universal free meals permanent beyond the state's annual budget, it has not yet been voted on.
Highlights	Schools are encouraged to provide meals that are responsive to dietary and cultural needs. Before the universal free meals program and through the program's first years, Michigan allocated ~$4.5 million annually for locally grown (defined as Michigan-grown), minimally processed or whole foods. The program, separate from the universal free meals program, is known as 10 Cents a Meal. Districts can be reimbursed up to ten cents for each meal served through the grant program, and 25 percent of the costs can go toward food transportation costs. A large amount of reporting is required to participate in the program. State law encourages schools to give preference to Michigan-grown foods if they are comparable in quality and price to other products. Michigan created an online open access course to explain the school meals program.

Sources: Act No. 120, 102nd Michigan Legislature (2024); Act No. 103, 102nd Michigan Legislature (2023); H.B. 5507, Michigan FY 2024–25 Education Omnibus Budget; "The Michigan School Meals Program," Michigan Department of Education, accessed

November 19, 2024, https://mdoe.state.mi.us/mdedocuments/NutritionTrainingFiles/MichiganSchoolMealsProgram/index.html#/; "State Fiscal Briefs: Michigan," Urban Institute, October 2024, https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-briefs/michigan; Constitution of Michigan, Article IX, Section 25; Daniel Schoonmaker, Rose Spickler, and Danielle Todd, *Michigan Food Waste Roadmap: A Plan to Reduce Food Loss and Waste in Michigan by 50 Percent* (Lansing: Michigan Department of Environment, Great Lakes and Energy, 2024).

TABLE B.6

Minnesota

State's Program Name	Minnesota Free School Meals Program
Year First Implemented	SY 2023–24. HF 5, signed into law in March 2023, created Minnesota's universal free meals program beginning SY 2023–24, enshrining it in Minnesota Statutes EC 124D.111.
Legislative or Voter Approval	Universal free meals[a] were passed by the Minnesota Legislature. No voter approval was needed.
Mandatory Participation	Yes for schools that participate in the National School Lunch Program and School Breakfast Programs and have identified student percentages below the federal rate for all meals served to be reimbursed at the federal free rate (currently 62.5 percent, which could change if the federal rate changes). For other public, private, and charter schools that participate in the National School Lunch and School Breakfast Program, it is optional; however, it is assumed that all schools at or above 62.5 percent identified student percentage participate in Community Eligibility Provision and the universal meals program.
Revenue Mechanism	The program is supported by Minnesota's general appropriation as part of the education budget. No new taxes were levied to fund the program.
State Budgeting Context	Minnesota has a biennial budget, and the legislature is not required to pass a balanced budget. Minnesota had a $17 billion surplus at the beginning of the 2023 session.
Community Eligibility Provision and Provision 2	Per state law, all schools that have identified student percentages at or above the federal rate for all students to have free meals (62.5 percent) must participate in Community Eligibility Provision to participate in universal free meals. This mechanism allows the state to maximize federal funding without directly mandating Community Eligibility Provision participation. Schools are also incentivized to do this because of an additional $0.125/meal reimbursement provided by the state. The state did outreach focused on schools with high identified student percentages and more than doubled the number of schools participating in Community Eligibility Provision during SY 2023–24. The state encourages school administrative and nutrition staff to collect forms and does broader campaigns that reach parents on social media.
Direct Certification	Minnesota encourages monthly direct certification through its Cyber-Linked Interactive Child Nutrition System and has done targeted technical assistance for those schools not meeting the federally required three-times-per-year requirement.
Forecasting Participation	Minnesota used prepandemic data (from SY 2018–19) to forecast participation and related expenditures for the first year of the program. Now, it is using the most recent data available for budget projections in coordination with the legislative cycle. However, it believes October data provides the most accurate picture of participation. The Minnesota Department of Education will forecast using claim data from SY 2023–24 and estimated projections, which will be published in the November forecast by the Minnesota Department of Management and Budget. In February, the projections will be reviewed again using additional data, including October claims (which will not be final until December 30, 2024), which tend to reflect accurate participation rates.
Local Food	The Department of Education has a farm to school coordinator but no financial incentive for schools. Minnesota shared that schools have supported local agriculture through school nutrition funds and through grants from the agriculture department; the program has heard that its role in local economies has gained it political support. The agriculture department has "Local Thursdays," encouraging schools to bring local items from their communities for meals.

Food Waste	There are no statewide food waste initiatives in place. There were anecdotes in early 2024 that some students were taking meals just for the milk and throwing the rest of the meal away, but the Department of Education found no evidence of this happening. Some advocates have pushed for a milk reimbursement program, with avoiding food waste as reasoning, but legislation has not been passed.
Noted Challenges	Challenges include long lunch lines, staffing shortages, and ensuring kitchen equipment and structures can support the increased demand for meals.
Highlights	The Department of Education is working with its data analytics division to better understand any relationship between universal free meals and student attendance, behavior, and test scores. The department believes much of the program's success has been that schools are serving higher-quality, and often locally sourced, food; it believes this has encouraged more students to participate in free meals. Because the state's education funding formula also includes funds based on free-and-reduced-price-lunch forms, the state created a hold harmless provision for schools that might be negatively affected by changes resulting from universal free meals in FY 2025 and a new formula starting in FY 2026.

Sources: Minnesota H.F. 5, 93rd Minnesota Legislature (2023–24); Minnesota 2024–25 Biennial Budget; 2024 Minnesota Statutes, Section 124D.111: School Meals Policies; "Free School Meals Program Frequently Asked Questions (FAQ)," Minnesota Department of Education, updated May 9, 2024, https://education.mn.gov/MDE/dse/FNS/SNP/free/; "Minnesota Free School Meals: First Year Preliminary Summary," Minnesota Department of Education, October 23, 2024, https://education.mn.gov/MDE/dse/FNS/SNP/free/; "Farm to School and Early Care Programs," Minnesota Department of Agriculture," accessed November 19, 2024, discussion with Minnesota school nutrition leader, October 2024.

Note: [a] Minnesota has stayed away from the term "universal" to avoid confusion with differences between state programs. We use the term in this report for the sake of comparison.

TABLE B.7

New Mexico

State's Program Name	Healthy Universal School Meals
Year First Implemented	SY 2023–24. S.B. 4 was signed into law in March 2023, establishing universal free meals beginning with SY 2023–24. The program is enshrined in New Mexico public laws Title 6, Chapter 12, Part 16.
Legislative or Voter Approval	The Healthy, Hunger-Free Students' Bill of Rights Act was passed by the New Mexico Legislature. No voter approval was needed.
Mandatory Participation	Yes for public school districts and charter schools participating in the National School Lunch Program and School Breakfast Program. It is optional for Bureau of Indian Education, tribally controlled, and private schools that participate in the National School Lunch Program and School Breakfast Program. New Mexico's universal free meals program has a provision in state law, to be implemented in SY 2025–26, that schools must meet meal quality improvement standards to get the full state reimbursement (the federal free meal reimbursement rate * total number of eligible meals, minus an amount equal to the federal paid meal reimbursement rate for eligible meals). Schools that do not meet those standards will receive a reduced rate (federal paid meal rate * eligible meals). The federal paid meal rate is defined as the "paid student rate reported by the [education] department to the USDA based on the average paid meal rate charged by school food authorities in the prior school year."
Revenue Mechanism	The program is funded through the state general fund. No new taxes were levied to fund the program.
State Budgeting Context	New Mexico has an annual budget and requires a balanced budget.

Community Eligibility Provision and Provision 2	State law requires schools to maximize funding through Community Eligibility Provision or other federal programs (such as Provision 2) and requires schools that have identified student percentages of 25 percent or higher participate (the law states that this percentage can differ if changed by the federal government); the law also encourages grouping to maximize the schools that can be Community Eligibility Provision schools. The state is providing yearly data to all schools and encouraging those schools with identified student percentages of 25 to 40 percent to apply. (New Mexico stands out among universal-free-meal states in that 95 percent of the schools participating in universal free meals are Community Eligibility Provision schools under the 25 percent federal threshold). In addition to the UFM reimbursement, non-CEP schools receive \$0.30/\$0.41 for breakfast and lunch served (this started before universal free meals). The state encourages non-CEP/Provision 2 schools to collect free-and-reduced-price-lunch forms and created a communication toolkit for schools to use with families.
Direct Certification	New Mexico provides guidance to schools to certify monthly.
Forecasting Participation	New Mexico has used a forecast of a 5 percent increase in participation from years 1 to 2 of the program. It does not know whether this has been an accurate forecast yet because of a lack of data at this point in the year.
Local Food	The state law establishing universal free meals also has provisions about meal quality improvement, which include rules beginning July 1, 2025, from the education department about locally purchased food, scratch-cooked foods, culturally relevant meals, and engaging students and families in menu development. For example, "50% of all meal pattern components [except milk] shall be freshly prepared." Additionally, schools can but are not required to participate in the New Mexico Grown Program, an annual program that provides grants of the greater of either \$1,000 per school or \$.10/lunch. At least 75 percent of those funds should be used to purchase unprocessed or minimally processed products. The department also meets monthly with the governor's office and other state agencies that provide funding to farmers for different programs. These meetings often focus on coordinating with nonprofits to get farmers on the vendor list and encouraging food safety practices.
Food Waste	S.B. 4 also added provisions about food waste, such as providing up to 20 minutes of seated lunch for K-5 and having shared tables. The state has a food waste specialist who helps with best practices and technical assistance.
Noted Challenges	Challenges include staffing, food price increases, and explaining the federal program to policymakers and families. Although New Mexico has a law related to seat time, not all schools have found ways to accommodate it. Additionally, not all schools in the state have access to local food or proper fully equipped kitchens, which may make it challenging to meet the meal improvement requirements.
Highlights	The state provides a projection of funds to each school at the beginning of the school year based on steady participation; reimbursement is based on actual participation. In SY 2026, schools will be required to meet new requirements for healthy meals to receive the maximum reimbursement from the universal free meals program. Before the program, New Mexico required that schools with free and reduced-price meal participation rates of 85 percent or higher provide breakfast after the bell. It also provided a total of \$20 million in one-time capital improvement grants for school kitchens in SY 2024.

Sources: Senate Bill 4, 56th New Mexico Legislature (2023); New Mexico Statutes 1978, Chapter 22: Public Schools, Article 13C: Hunger-Free Students Bill of Rights; "Kids' Kitchens FAQ," New Mexico Public Education Department, last modified January 2024, https://webnew.ped.state.nm.us/wp-content/uploads/2024/01/Kids-Kitchens-FAQ_2024.pdf; Laura Henry-Hand, "Healthy Universal School Meals Program (HUSM)," Presentation for the New Mexico Legislative Education Study Committee, September 18, 2024; "Farm to School," New Mexico Public Education Department, accessed November 20, 2024, https://webnew.ped.state.nm.us/bureaus/student-success-wellness/nutrition/farm-to-school/; New Mexico Register, Volume XXXV, Issue 18, Title 6, Chapter 12, Part 16; "Finance Facts: General Appropriation Act," New Mexico Legislative Finance Committee, August 2023, https://www.nmlegis.gov/Entity/LFC/Documents/Finance_Facts/finance%20facts%20general%20appropriation%20act.pdf; discussion with New Mexico school nutrition leaders.

TABLE B.8

Vermont

State's Program Name	Universal Meals
Year First Implemented	SY 2022–23 (temporary); SY 2023–24 (permanent). Vermont Act No. 151 (2022) created a one-year universal free meals program for SY 2022–23. In June 2023, Vermont Act No. 64 was enacted, making the program permanent. A task force was formed in 2021 to study how to make the program sustainable by SY 2026–27.
Legislative or Voter Approval	The universal free meals program was passed by the Vermont General Assembly. No voter approval was needed.
Mandatory Participation	The universal free meals program is mandatory for public schools and optional for independent schools operating the National School Lunch Program and School Breakfast Programs. However, the program only pays for independent school students who are on public tuition.
Revenue Mechanism	The program is paid for through the state education fund.
State Budgeting Context	Vermont has an annual budget and can carry deficits to the next year.
Community Eligibility Provision and Provision 2	Per state law, schools must maximize federal funding via Community Eligibility Provision or other federal programs (such as Provision 2) as decided upon by the Vermont Agency of Education. Specifically, to receive universal free meals (which is mandatory), schools must participate in Community Eligibility Provision or Provision 2. Each year the law allows the agency to provide new site groupings and requires schools to begin new/different applications for federal programs. In the first year, the state gave each school an option to apply mid-year (after USDA approval). In the second year, the Agency required each school eligible to participate in Community Eligibility Provision to apply.
Direct Certification	Direct certification numbers are expected to increase because Vermont began participating in the Medicaid direct certification pilot in 2023. Vermont requires direct certification three times a year.
Forecasting Participation	The state used estimates from advocacy group Hunger Free Vermont to forecast participation for the first year. Hunger Free Vermont used the participation rates from CEP and Provision 2 schools from FY 2018-19 to forecast similar participation rates across all schools in the state. While this number overestimated participation, it offset other underestimated costs of the program, such as the changed federal reimbursement rate.
Local Food	Before it created its universal free meals program (Act No. 67, 2021), Vermont legislated a goal of having schools purchase 20 percent of their food from local vendors ("local" to be defined by the school) and began a grant program to defray costs. The annual competitive grant program, started in late SY 2021–22, requires schools to create a plan, hire a coordinator, and conduct data reporting. Through the grants, schools can receive $0.15 to 0.25 per lunch from the previous school year based on the percentage of locally grown foods they purchased in the previous year. Vermont Act No. 64 extended this program to independent schools.
Food Waste	Food waste efforts have not been a feature of universal free meals in the state.
Noted Challenges	The governor has noted that the program is paid for by property taxes through the education fund and thus can be considered a regressive tax; he considered vetoing the legislation in 2023 but did not.
Highlights	State law encourages districts to try to feed as many students as possible, making a variety of suggestions including that eating during class count as instructional time. Before creating its universal free meals program, Vermont paid for the difference between reduced-price and free meals in an effort to reduce costs for eligible families, and it has continued this practice through the free meals program. Vermont's forecasts have proven to be accurate and reliable.

Sources: An Act relating to Universal School Meals, Act No. 151, Vermont General Assembly 2021–2022 Session; An Act Relating to School Food Programs and Universal School meals, Act No. 64, Vermont General Assembly 2023–2024 Session; An Act

Relating to Equitable Access to a High-Quality Education through Community Schools, Act No. 67, Vermont General Assembly, 2021–2022 Session; "Task Force on Universal School Lunch," Vermont Agency of Education, accessed November 20, 2024, https://education.vermont.gov/state-board-councils/task-force-on-universal-school-lunch#:~:text=The%20Task%20Force%20on%20Universal,.krueger@vermont.gov; "Universal School Meals: SY 2023–24 Implementation Guidance," Vermont Agency of Education, June 30, 2023, https://education.vermont.gov/sites/aoe/files/documents/edu-guidance-universal-meals-2023-24.pdf; Philip B. Scott, letter to Betsy Ann Wrask, June 14, 2023, https://governor.vermont.gov/sites/scott/files/documents/H.165%20Law%20Without%20Signature%20Letter%20-%206.14.23.pdf; "Education Property Tax Rates," Vermont Department of Taxes, accessed November 20, 2024, https://tax.vermont.gov/property/education-property-tax-rates; "State Fiscal Briefs: Vermont," Urban Institute, October 2024, https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-briefs/vermont; Email and phone communication with Hunger Free Vermont (Tim Morgan), November 22, 2024.

Note: The state of Vermont was unable to confirm their data prior to the publication of this report.

TABLE B.9

Meal Participation, by State

		SY 2018–19	SY 2022–23	SY 2023–24
California	Breakfast	285,575,109	292,578,692	323,043,727
	Lunch	530,274,767	547,186,779	564,428,034
	Total	815,849,876	839,765,471	887,471,761
Colorado	Breakfast	26,845,625	21,955,643	29,978,677
	Lunch	57,633,917	54,364,553	70,834,396
	Total	84,479,542	76,320,196	100,813,073
Maine	Breakfast	8,409,406	10,776,072	11,297,457
	Lunch	15,372,074	18,138,027	18,517,232
	Total	23,781,480	28,914,099	29,814,689
Massachusetts	Breakfast	35,674,670	44,530,747	48,608,333
	Lunch	85,337,056	97,537,073	101,653,380
	Total	121,011,726	142,067,820	150,261,713
Michigan	Breakfast	63,324,272	64,935,348	80,663,416
	Lunch	122,475,613	120,068,526	142,412,389
	Total	185,799,885	185,003,874	223,075,805
Minnesota	Breakfast	36,840,416	35,011,480	48,860,416
	Lunch	93,060,873	88,612,525	102,240,755
	Total	129,901,289	123,624,005	151,101,171
New Mexico	Breakfast	20,758,781	19,964,538	22,684,273
	Lunch	30,573,233	29,960,447	32,537,323
	Total	51,332,014	49,924,985	55,221,596
Vermont	Breakfast	4,178,088	5,615,047	5,577,852
	Lunch	7,568,774	8,655,880	8,808,574
	Total	11,746,862	14,270,927	14,386,426

California Source: California Department of Education, Nutrition Services Division, email communication, October 2024
Colorado Source: Colorado Department of Education, School Nutrition Unit, email communication, November 2024.
Maine Sources: "Meal Participation Continues to Rise in States After Two Years of Healthy School Meals for All," National Farm to School Network (November 2024), accessed November 21, 2024; Maine Department of Education, Child Nutrition, email communication, November 2024.
Massachusetts Source: "Meal Participation Continues to Rise in States After Two Years of Healthy School Meals for All," National Farm to School Network (November 2024), accessed November 21, 2024.
Michigan Source: Michigan Department of Education, School Nutrition Programs, email communication, November 2024
Minnesota Sources: "Minnesota Free School Meals: First Year Preliminary Summary," Minnesota Department of Education, accessed November 21, 2024, https://education.mn.gov/MDE/dse/FNS/SNP/free/; Minnesota Department of Education. School Nutrition Programs, email communication, October 2024.
New Mexico Source: New Mexico Department of Education, Student Success and Wellness Bureau, email communication, November 2024.
Vermont Sources: "Meal Participation Continues to Rise in States After Two Years of Healthy School Meals for All," National Farm to School Network (November 2024), accessed November 21, 2024; Email communication with Hunger Free Vermont (Tim Morgan), November 22, 2024.

Notes: Blue = First year of universal free meals. Massachusetts and Vermont were unable to confirm their data prior to the publication of this report.

TABLE B.10

Change in Meal Participation, by State

	First Year of UFM	SY 2018/19-SY 2022/23 Breakfast	SY 2018/19-SY 2022/23 Lunch	SY 2018/19-SY 2022/23 Total	SY 2022/23-SY 2023/24 Breakfast	SY 2022/23-SY 2023/24 Lunch	SY 2022/23-SY 2023/24 Total
California	SY 2022–23	2%	3%	3%	10%	3%	6%
Colorado	SY 2023–24	-18%	-6%	-10%	37%	30%	32%
Maine	SY 2022–23	28%	18%	22%	5%	2%	3%
Massachusetts	SY 2022–23	25%	14%	21%	9%	4%	1%
Michigan	SY 2023–24	3%	-2%	0%	24%	19%	21%
Minnesota	SY 2023–24	-5%	-5%	-5%	40%	15%	22%
New Mexico	SY 2023–24	-4%	-2%	-3%	14%	9%	11%
Vermont	SY 2022–23	34%	14%	21%	-1%	2%	1%
		Average change: year 1		17%	Average change: year 2		3%

Source: Calculated by authors from data in Table B.9. Massachusetts and Vermont were unable to confirm their data prior to the publication of this report.
Notes: Gray = No universal free meals. Gold = Change from first year to second year of UFM. This does not account for public school enrollment changes after the pandemic, which may vary across states.

TABLE B.11

Change in UFM Budget, by State

	First Year of UFM	FY 2022–23 through FY 2023–24	FY 2023–24 through FY 2024–25 Proposed or Requested
California	SY 2022–23	12.4%	6.7%
Colorado	SY 2023–24	not applicable	-19.3%
Maine	SY 2022–23	9.2%	4.5%
Massachusetts	SY 2022–23	9.4%	3.8%
Michigan	SY 2023–24	not applicable	5.3%
Minnesota	SY 2023–24	not applicable	9.3%
New Mexico	SY 2023–24	not applicable	-3.3%
Vermont	SY 2022–23	-17.2%	-15.0%

California Sources: Calculated authors using data from California Department of Education, Nutrition Services Division, virtual meeting, October 2024; California enacted budget documents, FY 2023, FY 2024, FY 2025, accessed November 21, 2024 https://ebudget.ca.gov/
Colorado Source: Joint Budget Committee, School Nutrition Unit, email communication, November 2024.
Maine Source: Maine Department of Education, Child Nutrition, email communication, November 2024.
Massachusetts Sources: Massachusetts enacted budget documents, FY 2023, FY 2024, FY 2025, accessed November 21, 2024, https://malegislature.gov/Budget/

Michigan Sources: Michigan Senate Fiscal Agency, School Aid budget documents, FY 2024 and FY 2025, accessed November 21, 2024, https://sfa.senate.michigan.gov/Departments/DPk12_web.html
Minnesota Sources: "Enacted 2024-25 Biennial Budget," State of Minnesota (August 2023), accessed November 21, 2024
New Mexico Source: New Mexico Department of Education, Student Success and Wellness Bureau, email communication, November 2024
Vermont Sources: Vermont Legislative Joint Fiscal Office Big Bill web reports, FY 2023, FY 2024, FY 2025, accessed November 21, 2024 https://ljfo.vermont.gov/subjects/appropriations-and-budget
Notes: FY 2024-25 budgets are subject to change due to mid-year adjustments. Massachusetts and Vermont were unable to confirm their data prior to the publication of this report.

Appendix C. Expanded Eligibility States

TABLE C.1

States Policies Expanding Eligibility

State	Expanded eligibility
New Jersey	Free meals for students from families earning up to 224 percent of the federal poverty level
North Dakota	Free meals for students from families earning up to 200 percent of the federal poverty level
Oregon	Free meals for students from families earning up to 300 percent of the federal poverty level, expanded reimbursement rates for schools participating in Provision 2, and additional funds for schools operating the Community Eligibility Provision who are below an identified student percentage of 56.25 percent (they receive reimbursement of 90 percent of meals at federal free rate)

New Jersey Source: School lunch, availability to all children, N.J. Stat. § 18A:33-4 (2024)

North Dakota Source: "SNP Free and Reduced Price Information," North Dakota Department of Public Instruction, accessed November 12, 2024, https://www.nd.gov/dpi/districtsschools/child-nutrition-and-food-distribution/school-nutrition-program/snp-free-reduced.

Oregon Source: Expanded Income Eligibility Group Reimbursement Program, Or. Admin. Code § 581-051-0615 (2020)

Appendix D. Invited Stakeholders

Advocates

Community, Health, and Youth Advocates

- American Academy of Pediatrics - Colorado Chapter
- American Heart Association
- Colorado Blueprint to End Hunger
- Children's Hospital Colorado
- Colorado Children's Campaign
- Colorado Fiscal Institute
- Hunger Free Colorado
- MAZON: A Jewish Response to Hunger
- Mile High United Way
- Save the Children Action Network
- Westwood neighborhood leader
- Young Aspiring Americans for Social and Political Activism

Food Hubs, Producers, and Procurement Advocates

- East Denver Food Hub
- Feeding Colorado
- Food to Power
- Good Food Collective
- Kitchen Sync Strategies
- Metro Caring

- National Young Farmers Coalition
- Pueblo Food Project
- Rocky Mountain Farmers Union

School Nutrition Professionals Advocates

- Chef Ann Foundation
- Colorado Food Systems Advisory Council
- Colorado School Nutrition Association
- Donnell-Kay Foundation
- Nourish

School and Food Administrator Associations

- Colorado Association of School Boards
- Colorado Association of School Business Officials
- Colorado Association of School Executives
- Colorado Education Association
- Commissioner's Rural Education Council
- Jefferson County Education Support Professionals Association
- Colorado Rural Schools Alliance
- Safe and Abundant Nutrition Alliance

School Districts

School Nutrition Directors

- ACSN Metro Area, Douglas County RE-1

- ACSN Metro Area, Jefferson County R-1
- ACSN Non-Public & Charters, Charter Choice Collaborative
- ACSN Non-Public & Charters, Shiloh House
- ACSN North Central, Greeley 6
- ACSN North Central, St. Vrain Valley RE-1J
- ACSN Northeast, Byers 32J
- ACSN Northeast, Holyoke RE-1J
- ACSN Northwest, Eagle County RE-50
- ACSN Pikes Peak, El Paso SD 49
- ACSN West Central, Gunnison Watershed RE1J
- ACSN, Non-Public & Charters, Colorado Charter School Institute
- ACSN, Pikes Peak, Lewis-Palmer 38
- ACSN, Pikes Peak, Pueblo City 60
- ACSN, Pikes Peak, Widefield 3
- Denver Public Schools

School District Executives

- Colorado Association of School Executives

Families and Students

Families

- Brújula Comunitaria
- Colorado PTA
- Colorado Statewide Parent Coalition
- Colorado Youth Advisory Council

- Commún
- Great Education Colorado
- Jefferson County Food Policy Council
- Lamar Unidos
- Movimiento Poder

Students

- Colorado Youth Advisory Council
- Greeley-Evans School District Student Health Advisory Council

Appendix E. Additional Stakeholder Engagement Details

Focus Groups: Phase 1

Outreach and scheduling

Our partners at the Colorado Department of Education identified a point of contact for each organization and sent an initial outreach email connecting the organizations with the Urban Institute. The initial outreach email included background information on the challenges Colorado is facing balancing revenues and expenditures, introduced the Urban Institute as partners in this work, and asked the organization to identify one representative to attend the focus group. All recipients were directed to a Google Forms link with at least three options for a potential focus group date. After a few days, the recipients were reminded to fill out the Google Form if they had not yet done so already. The Urban Institute team then scheduled the focus groups based on participant availability indicated via the Google Form. All recipients were sent a calendar invitation, even if they indicated they were not available at that time, to give them the chance to forward the invitation to a colleague to attend on their behalf.

Prework

All focus group participants were contacted ahead of their focus group time with a list of guiding questions to help them prepare for their participation in the focus group. Additionally, they were provided a link to the Healthy School Meals for All web page on CDE's website to read more about HSMA and a memo submitted to the Joint Budget Committee summarizing five initial policy options.[95] The memo provides a high-level overview of each policy option, the estimated savings, and the policy considerations associated with each.

Postwork

Following the focus groups, participants were thanked for their participation and given a link to a Google Form where they could provide additional thoughts they did not share during the focus groups. A few participants submitted answers, and their insights were incorporated into the publicly available focus group summaries. They were reminded that other members of their organizations would be given the opportunity to submit their perspectives through the public feedback form.

Focus Groups: Phase 2

Outreach and scheduling

The Urban Institute team followed up with all stakeholders invited to the first phase of focus groups to schedule a second focus group session. They were asked to fill out a Google Form indicating their availability among at least three options. They were assured that even if they did not attend the first phase, they would be welcome to attend the second round. After a few days, the Urban Institute team reached out with a reminder to fill out the Google Form with their availability, and then the Urban Institute scheduled the focus group. We conducted 10 focus groups from October 16 to October 30.

Prework

All focus group participants were given a link to a "pre-read" on all policy options that had emerged, including the five options presented to the Joint Budget Committee in March and other options that arose from the first phase of focus groups and the first public feedback period. Options were grouped into three categories: cost containment and cost reductions, alternative financing, and revenue raising. For each option, participants could review the estimated financial impact (when available). Each option also included considerations across dimensions, including universality, fiscal sustainability, state administrative feasibility, district administrative feasibility, impact on families, impact on districts, whether it can create reserves, whether it was affected by federal tax changes, and what research is available.

Appendix F. Public Feedback Phase 1 Questions

Thank you for providing your input on Colorado's Healthy School Meals for All program. Your feedback is valuable to us. Your responses will be summarized and presented to the Technical Advisory Group to inform its work and summarized in a final report to Colorado's Joint Budget Committee.

The Healthy School Meals for All (HSMA) program is facing a major shortfall to cover costs. Current revenues collected do not cover the expenses to pay for the program. The Technical Advisory Group is examining potential solutions to ensure the funds allocated for the program can pay for the costs of administering meals to Colorado students.

1. How would you describe your role as it relates to HSMA? *Please select all that apply*
   - Advocate
   - Government or school district employee
   - Parent
   - Student
   - Taxpayer
   - Other: __________
2. [If parent] If you have school-aged children, do they eat school meals? How has this changed under HSMA and why?
3. In what ways has HSMA been successful in your community?
4. As policymakers compare potential policy solutions, what principles should they use to examine the pros and cons of each? *Please select your top three priorities*
   - Ability for the state and schools to implement the program
   - Effects are the same on all students
   - Equity and accessibility for low-income students
   - Impact to families (changes ability to participate)
   - Long-term sustainability and ability to weather economic downturns
   - No change to taxes
   - Other: _________

5. If additional revenue is not possible or in the case of an economic downturn, what would you want the state to do?

6. Do you have any ideas for policy solutions that would help remove the gap between HSMA's costs and the revenue to support it?

    » No

    » Yes

7. [If Yes to 6] Please describe the policy solution you envision and any pros/cons you see with that option.

8. [If Yes to 6] *We want to ensure we understand your policy idea and may want to follow up with you. Please provide your email for this purpose.*

Email:

9. What, if any other feedback do you want legislators to know related to HSMA?

10. [Optional] Name:

11. [Optional] *Please complete only if you are representing an organization*

    Organization Name:

Appendix G. Public Feedback Phase 2 Questions

Thank you for providing your input on Colorado's Healthy School Meals for All program.[96] Your feedback is valuable to us. Your responses will be summarized and presented to the **Technical Advisory Group** to inform its work and summarized in a final report to Colorado's Joint Budget Committee.

The Healthy School Meals for All (HSMA) program is facing a major shortfall to cover costs. Current revenues collected do not cover the expenses to pay for the program. The Technical Advisory Group is examining potential solutions to ensure the funds allocated for the program can pay for the costs of administering meals to Colorado students.

1. How would you describe your role as it relates to HSMA? *Please select all that apply.*
   - Advocate
   - Government or school district employee
   - Parent
   - Student
   - Taxpayer
   - Producer
   - Other: ___________

Please take time to review these policy options and their details. There are many major elements that can affect the sustainability of the program. These affect the current estimates and also affect the scenarios legislators need to consider for the future sustainability of the program, in which the program needs to be made financially sustainable.

The most influential factors for the future of HSMA include:

1. ***Increased Costs* -** Student participation rates and school participation could change. Assumptions are made based on best, most recent estimates and other states' experiences, but changes in these assumptions could drastically affect expenditures. 2024–25 participation data is not yet available and won't be until early 2025. Additionally, we anticipate some of the potential policy options could drastically affect schools' desire to participate in the program due to additional costs they would have to handle to participate.

2. ***Decreased Revenue -*** HSMA revenue is directly tied to Colorado state tax law and the economy. So, if there is a recession, revenue will likely go down and participation and need will likely increase. So, the gap between revenues and costs could get worse. One way to handle this scenario is to immediately start building a reserve for the program.

3. ***Uncertainty in Revenue Projections –*** Among other potential changes, the most significant one is tied to federal taxes. Colorado state tax law is directly tied to federal tax law in many ways. One of those ways is that the amount for standard deductions is directly tied to the federal amounts. For the past several years, those deduction amounts have been higher due to the TCJA. This has meant that the difference between the federal and CO deduction upper limit and the HSMA deduction amount have provided revenue for the program. The TCJA is set to expire January 1, 2026. If it expires, then the deductions limits will go back down; this will mean the revenue for the program will be significantly decreased. There is conversation that some of the elements of that law will be extended, but there is no certainty. This is the biggest risk to the program. Revenues are coming in well; expenditures shouldn't continue increasingly as rapidly as the first year of the program. However, the possibility of these federal tax changes are very significant.

There are a range of potential scenarios. Three broadly defined scenarios are outlined below; each of which will require difficult decisions. We provide these scenarios to get your input on likely, although imperfect, scenarios. We emphasize that scenario numbers and estimates are not meant to be official state estimates, but rather, they are intended to show a range of possible situations that HSMA could face with the best available information. In these scenarios, where numbers are not provided, we ask you to use your best judgment.

Please note: while the numbers listed next to options are modeled projections, the numbers in the scenarios below are hypothetical.

"Easy" Scenario - TCJA Expansion

In this scenario, the TCJA deduction elements are extended, meaning revenue continues similar to what it is now. There is no immediate recession. However, we need to ensure **about $10 million** a year is put into a reserve to help with future recessions or participation increases.

We are going to ask you to rank order your choices. ONLY focus on your top three. The goal is to use your values and knowledge to prioritize the top three solutions that could help get **$10 million a year.**

Please choose, in order of preference, your top 3 policy options among alternative financing and revenue-raising options.

- Reclassify revenue under TABOR to free up state general funds and use to offset expenditures **(adds $Unknown)**
- Consider HSMA expenditures as a TABOR refund mechanism **(adds $Unknown)**
- Automatically transfer the annual amount (1/3 of 1 percent) of tax revenue generated by Proposition FF that is transferred to the education fund **(adds $7.5 mil)**
- Raise the amount of income tax revenue generated by modifying the Proposition FF deduction cap
- Raise the amount of income tax revenue generated by lowering the income eligibility threshold in Proposition FF
- Taxing tourism, concerts, sporting events **(adds $Unknown)**
- Taxing sweetened beverage (adds **$Unknown)**
- Tax corporations **(adds $Unknown)**
- Increase a la carte options **(adds $Unknown)**

Please choose, in order of preference, your top 3 policy options among cost reduction options.

- Remove free breakfast, and provide free lunch only **(cuts $15 mil)**
- Alter the program to provide free breakfast and lunch at elementary and middle schools only **(cuts $25.5 mil)**
- Alter the program to provide free breakfast and lunch to elementary and middle students; provide lunches only to high school students **(cuts $3.4 mil)**
- Cap the inflationary increase **(cuts $FY 25: $5 mil; FY 26: $12 mil, FY:27 $17 mil)**
- Provide reduced-price (versus universally free) meals across the state **(cuts SY 25/26: $49 mil; SY 26/27: $51 mil)**

- Provide HSMA to certain (CEP eligible) districts with a high threshold of enrollment in assistance programs (cuts $55 mil)
- Provide HSMA to districts with a high threshold of federal free or reduce price lunch students (35 percent+ FRPL) **(cuts $74 mil)**
- Including cost-of-living measures in prioritization **(cuts $Unknown)**
- Create state poverty-level threshold for meals **(cuts $Unknown)**

"Medium" Scenario – TCJA Partially Extended

In this scenario, **some** of the TCJA deduction elements are extended, meaning revenue is reduced or maybe it is a recession. We need to close the **gap by $20 million a year.**

We are going to ask you to rank order your choices. ONLY focus on your top three. The goal is to use your values and knowledge to prioritize the top three solutions that could help get **$20 million a year.**

Please choose, in order of preference, your top 3 policy options among alternative financing and revenue-raising options.

- Reclassify revenue under TABOR to free up state general funds and use to offset expenditures **(adds $Unknown)**
- Consider HSMA expenditures as a TABOR refund mechanism **(adds $Unknown)**
- Automatically transfer the annual amount (1/3 of 1 percent) of tax revenue generated by Proposition FF that is transferred to the education fund **(adds $7.5 mil)**
- Raise the amount of income tax revenue generated by modifying the Proposition FF deduction cap
- Raise the amount of income tax revenue generated by lowering the income eligibility threshold in Proposition FF
- Taxing tourism, concerts, sporting events **(adds $Unknown)**
- Taxing sweetened beverage (adds **$Unknown)**
- Tax corporations **(adds $Unknown)**
- Increase a la carte options **(adds $Unknown)**

Please choose, in order of preference, your top 3 policy options among cost reduction options.

- Remove free breakfast, and provide free lunch only **(cuts $15 mil)**
- Alter the program to provide free breakfast and lunch at elementary and middle schools only **(cuts $25.5 mil)**
- Alter the program to provide free breakfast and lunch to elementary and middle students; provide lunches only to high school students **(cuts $3.4 mil)**
- Cap the inflationary increase **(cuts $FY 25: $5 mil; FY 26: $12 mil, FY:27 $17 mil)**
- Provide reduced-price (versus universally free) meals across the state **(cuts SY 25/26: $49 mil; SY 26/27: $51 mil)**
- Provide HSMA to certain (CEP eligible) districts with a high threshold of enrollment in assistance programs (cuts $55 mil)
- Provide HSMA to districts with a high threshold of federal free or reduce price lunch students (35 percent+ FRPL) **(cuts $74 mil)**
- Including cost-of-living measures in prioritization **(cuts $Unknown)**
- Create state poverty-level threshold for meals **(cuts $Unknown)**

"Difficult" Scenario – TCJA Planned Expiration

In this scenario, **none** of the TCJA deduction elements are extended, meaning revenue is severely reduced. We need to close the **gap by $40 million** a year.

We are going to ask you to rank order your choices. ONLY focus on your top three. The goal is to use your values and knowledge to prioritize the top three solutions that could help get **$40 million a year.**

Please choose, in order of preference, your top 3 policy options among alternative financing and revenue raising options.

- Reclassify revenue under TABOR to free up state general funds and use to offset expenditures **(adds $Unknown)**
- Consider HSMA expenditures as a TABOR refund mechanism **(adds $Unknown)**

- Automatically transfer the annual amount (1/3 of 1 percent) of tax revenue generated by Proposition FF that is transferred to the education fund **(adds $7.5 mil)**
- Raise the amount of income tax revenue generated by modifying the Proposition FF deduction cap
- Raise the amount of income tax revenue generated by lowering the income eligibility threshold in Proposition FF
- Taxing tourism, concerts, sporting events **(adds $Unknown)**
- Taxing sweetened beverage **(adds $Unknown)**
- Tax corporations **(adds $Unknown)**
- Increase a la carte options **(adds $Unknown)**

Please choose, in order of preference, your top 3 policy options among cost reduction options.

- Remove free breakfast, and provide free lunch only **(cuts $15 mil)**
- Alter the program to provide free breakfast and lunch at elementary and middle schools only **(cuts $25.5 mil)**
- Alter the program to provide free breakfast and lunch to elementary and middle students; provide lunches only to high school students **(cuts $3.4 mil)**
- Cap the inflationary increase **(cuts $FY 25: $5 mil; FY 26: $12 mil, FY:27 $17 mil)**
- Provide reduced-price (versus universally free) meals across the state **(cuts SY 25/26: $49 mil; SY 26/27: $51 mil)**
- Provide HSMA to certain (CEP eligible) districts with a high threshold of enrollment in assistance programs **(cuts $55 mil)**
- Provide HSMA to districts with a high threshold of federal free or reduce price lunch students (35 percent+ FRPL) **(cuts $74 mil)**
- Including cost-of-living measures in prioritization **(cuts $Unknown)**
- Create state poverty-level threshold for meals **(cuts $Unknown)**

What feedback, if any, do you want legislators to know related to HSMA?

[Optional] Name:

[Optional] *Please complete only if you are representing an organization.* Organization name:

Appendix H. HSMA Policy Options and High-Level Information Presented in Phase 2 Engagement

All estimates of revenues and expenditures are estimates as of October 16, 2024, and are subject to change at any time based on new information and data.[97]

Options that result in increased revenue or decreased expenditures

TABLE H.1

Alternative Financing Options

Options	Requires Voter Approval	Amount of Additional Revenue	Enough Money on Its Own	Take Effect	Key Considerations
Reclassify TABOR revenue to free up state general funds and use to offset expenditures	No	Some potential amount of ~$450 mil *however* reclassifying would create a cascade of other consequence **Adds $Unknown**	Maybe	SY 25–26	Any amount used through this mechanism could become a major budget risk if any legal decisions caused a TABOR "reset"; this also requires revenue being above the TABOR cap.

Options	Requires Voter Approval	Amount of Additional Revenue	Enough Money on Its Own	Take Effect	Key Considerations
Consider HSMA expenditures as a TABOR refund mechanism	No	Forecasted: $365 mil in FY 25–26 $747 mil in FY 26–27 $727 mil in FY 27–28 Within reason the refund amounts in these years could be $0. Currently refund for homestead, income, and sales tax **Adds $Unknown**	Maybe but not for the next three years	SY 25–26	Estimates are within the margin of error, meaning there may be years when there are no TABOR refunds. Unknown what exemption HSMA would fall under. Would affect other refunds. Potential legal consequences.
Automatically transfer the annual amount (1/3 of 1%) of the education fund revenue generated by Proposition FF	No	~ **Adds $7.5 mil annually**	No; potentially $0 for the next three years	SY 25–26	The state education fund is projected to be negative within the five-year forecast period.

Source: Information gathered by the Urban Institute.

TABLE H.2

Revenue-Raising Options

Options	Requires Voter Approval	Amount of Additional Revenue	Enough Money on Its Own	Take Effect	Key Considerations
Modify Proposition FF to reduce the deduction cap	Yes	If TCJA expanded: AGI 300K, deduction cap 5K single/10K joint: **Adds $35 mill**	Maybe	SY 26–27	Subject to changes in federal tax code.
Modify Proposition FF to reduce the deduction cap	Yes	If TCJA expires: AGI 300K, deduction cap 3K single/6K joint: **Adds $35 mil**	Yes	SY 26–27	Subject to changes in federal tax code.
Lower income eligibility threshold in Proposition FF	Yes	If TCJA expires: AGI 300K, deduction cap 3K single/6K joint & AGI 250K, deduction cap 8K/ single, 16K joint: **Adds $67 mill**	Yes	SY 26–27	Subject to changes in federal tax code.

Options	Requires Voter Approval	Amount of Additional Revenue	Enough Money on Its Own	Take Effect	Key Considerations
Use excise taxes (e.g., sweetened beverage tax, marijuana tax, sporting events, etc.)	Yes	Marijuana: excise tax already funds school construction. 12.59% of sales tax goes to education and remainder to health programs. **No extra funds** Cigarette/Tobacco/Nicotine: 70% Proposition EE goes to state ed fund and is used for universal preschool. **No extra funds** Sweetened Beverage Concerts/Tourism/Sporting Events: would have to go to the voters **Adds $Unknown**	No	?	Marijuana is declining in the revenue that is produced. They are also subject to "slippage" so the higher they get taxed the more likely people are to change behavior and not purchase them.
Tax corporations	Yes	**Adds $Unknown**	Unknown	?	Potentially unconstitutional.
Increase a la carte prices	No	**Adds $Unknown**	No	?	Further differentiates between free and paid food.

Source: Information gathered by the Urban Institute.

TABLE H.3

Cost-Reduction Options

Options	Requires Voter Approval	Change in Expenditures	Enough Money on Its Own	Take Effect	Additional Costs for	Likelihood Districts Opt Out	Key Considerations
Alter the program to provide free lunch only	No	**Cuts $15 mil**	No	SY 25–26	CEP Districts	High	HSMA schools must adopt CEP. Research shows breakfast can improve attendance.

Options	Requires Voter Approval	Change in Expenditures	Enough Money on Its Own	Take Effect	Additional Costs for	Likelihood Districts Opt Out	Key Considerations
Alter the program to provide free breakfast and lunch at elementary and middle schools only	No	**Cuts $25.5 mil** *Conservative estimate: doesn't remove grades 8-12 of 6-12 and K-12 schools.*	No	SY 25–26	CEP Districts	High	HSMA schools must adopt CEP. Administratively difficult at site levels/difficult for K-12/6-12 schools. Stigma higher in high schools. Potentially confusing for families. Increased likelihood of accruing meal debt.
Alter the program to provide free breakfast and lunch to elementary and middle students; provide lunches only to high school students	No	**Cuts $3.4 mil**	No	SY 25–26	CEP Districts (high school breakfast)	Medium	HSMA schools must adopt CEP. Research shows breakfast can improve attendance. Stigma higher in high schools. Potentially confusing for families. Increased likelihood of accruing meal debt. Administratively difficult at site levels/difficult for K-12/6-12 schools.
Cap the inflationary increase	No	FY 25: **Cuts $5 mil** FY 26: **Cuts $12 mil** FY 27: **Cuts $17 mil**	No	SY 25–26	All Districts	High	Districts would be responsible for covering the reduction amounts at increasing amounts.
Provide reduced-price meals across the state	No	SY 25/26: **Cuts $49 mil**; SY 26/27: **Cuts $51 mil**	Yes	SY 25–26	Families	N/A	Districts would create a price for meals that would still abide by federal requirements. Increased likelihood of accruing meal debt.
Provide HSMA to CEP eligible districts	No	>40% ISP: **Cuts $110.7 mil** >25% ISP: **Cuts $55.8 mil**	Yes	SY 25–26	Families in non-CEP districts	N/A	>40% ISP: 60% of CO students lose free meals >25% ISP: 25% of CO students lose free meals
Provide HSMA to districts with 35%+ FRPL	No	SY 25/26: **Cuts $74 mil**	Yes	SY 25–26	Families in <35% FRPL districts	N/A	30% of students would lose HSMA Lasts for 5 years, then reassess. Could create reserves for economic downturns.
Including cost-of-living measures in prioritization	No	**Cuts $Unknown**	-	SY 25–26	Families in some areas	N/A	If excess funds, districts with FRPL<35% could apply for funding to provide free meals. Tracks almost completely with FRPL percentage with random outliers.

Options	Requires Voter Approval	Change in Expenditures	Enough Money on Its Own	Take Effect	Additional Costs for	Likelihood Districts Opt Out	Key Considerations
Create state poverty-level threshold for meals	No	**Cuts $Unknown**	Unknown	SY 25–26	Families over a certain $ level	N/A	Would be based on families' income at 250% federal poverty line; those eligible through current programs still receive meals. Would require massive time/money to collect data, change data systems, etc.

Source: Information gathered by the Urban Institute.

Options that **Do Not** result in increased revenue or decreased expenditures

TABLE H.4

Alternative Financing

Options	Requires Voter Approval	Amount of Additional Revenue	Enough Money on Its Own	Take Effect	Key Considerations
Use state education fund to cover any cost overages (no cap)	No	Legislature already needs to increase general fund contribution to state ed fund by 5.3% to meet current expenditure requirements so that state ed fund doesn't run out of money in two years. Currently no "extra" funds.	No	SY 25–26	Consequences for students' other educational experiences since it diverts funds from other education programs. State education fund is not large enough to absorb the additional costs of HSMA.
Appropriate funds (outside of state ed fund) like general fund, to fund HSMA permanently	No	Based on current expenditure assumptions, general fund = -$921 mil	No	SY 25–26	The state general fund is already owing over $921 mil. Could reallocate but no extra funds.
Use Title 1 funds	No	Unknown – already paying for other programs. No "extra" funds.	?	SY 25–26	Consequences for students' other educational experiences since it diverts funds from other programs.

Options	Requires Voter Approval	Amount of Additional Revenue	Enough Money on Its Own	Take Effect	Key Considerations
Use expiring COVID relief funds	No	$0	No	N/A	Funds largely allocated. Deadline was Sept 30, 2024.

Source: Information gathered by the Urban Institute.

TABLE H.5

Revenue-Raising Options

Options	Requires Voter Approval	Amount of Additional Revenue	Enough Money on Its Own	Take Effect	Key Considerations
Add flat tax in each tax bracket	Yes	Would require changing CO's entire tax system and would have to go to the voters.	Maybe	?	New taxes would negatively impact the same households HSMA is aiming to serve. Impacted by recessions. Unconstitutional without a constitutional amendment.
Engage businesses/families to provide donations or collect individual donations on CO tax forms	Yes	Unknown	No	?	Relies on districts' local economies/resources

Source: Information gathered by the Urban Institute.

TABLE H.6

Other Options

Options	Amount	Enough Money on Its Own	Take Effect	Key Considerations
State agency collaboration re: local food procurement	Unknown	Unknown	Unknown	Only useful if local food procurement provisions reinstated
Lobby federal government to fund universal free meals/changes to CEP	Unknown	Yes	Unknown	
Local food procurement	Unknown; increase in costs	No	SY 25–26	

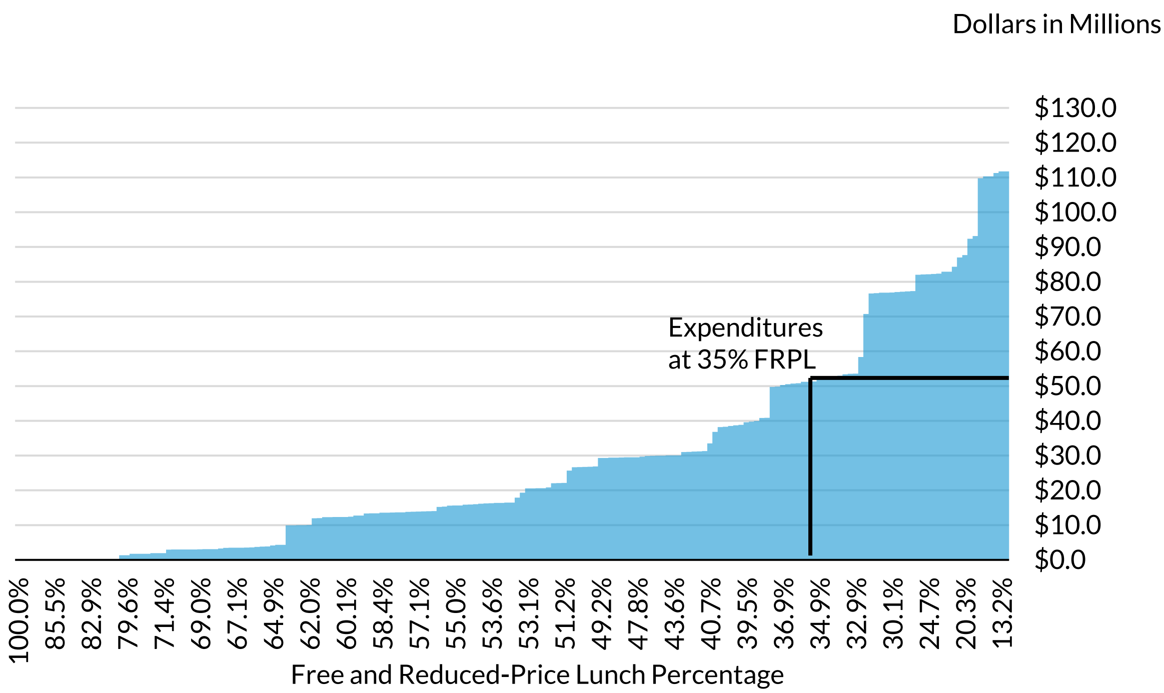
Options	Amount	Enough Money on Its Own	Take Effect	Key Considerations
Reduce food waste	Unknown	No	SY 25–26	Federal regulations for participating in National School Lunch Program. Can encourage salad bars, individually packaged items, and share tables.

Source: Information gathered by the Urban Institute.

Appendix I. Bright Fox Analytics Expenditure Estimates

FIGURE I.1

Cumulative Estimated State HSMA Expenditures by District FRPL, FY 2024–25 – Easy (5 percent Participation Growth)

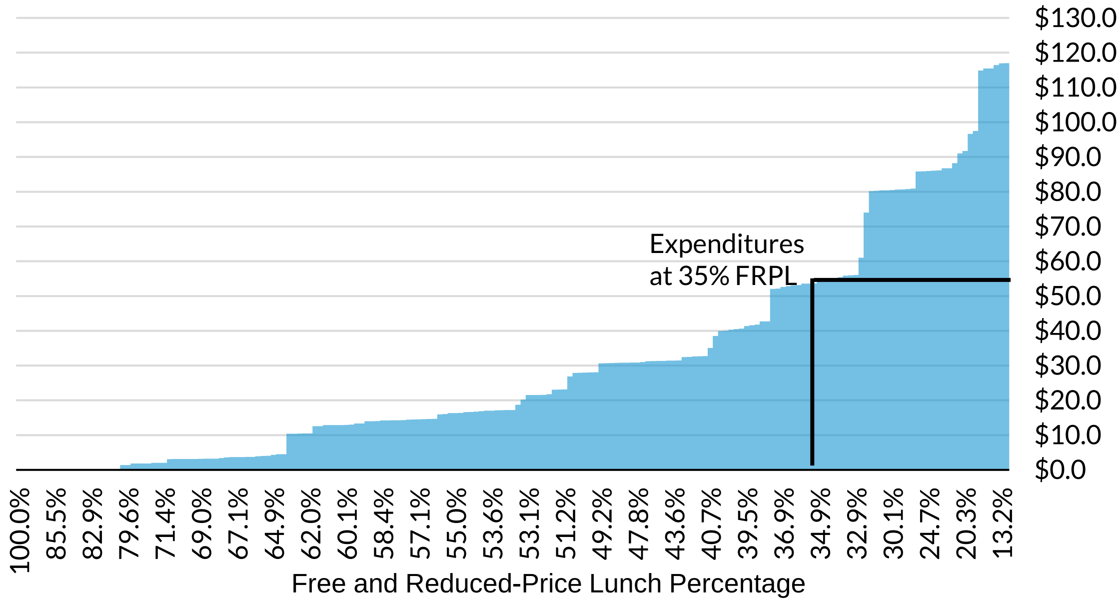


Source: Bright Fox Analytics.

FIGURE I.2

Cumulative Estimated State HSMA Expenditures by District FRPL, FY 2024–25 – Medium (10 percent Participation Growth)

Dollars in Millions

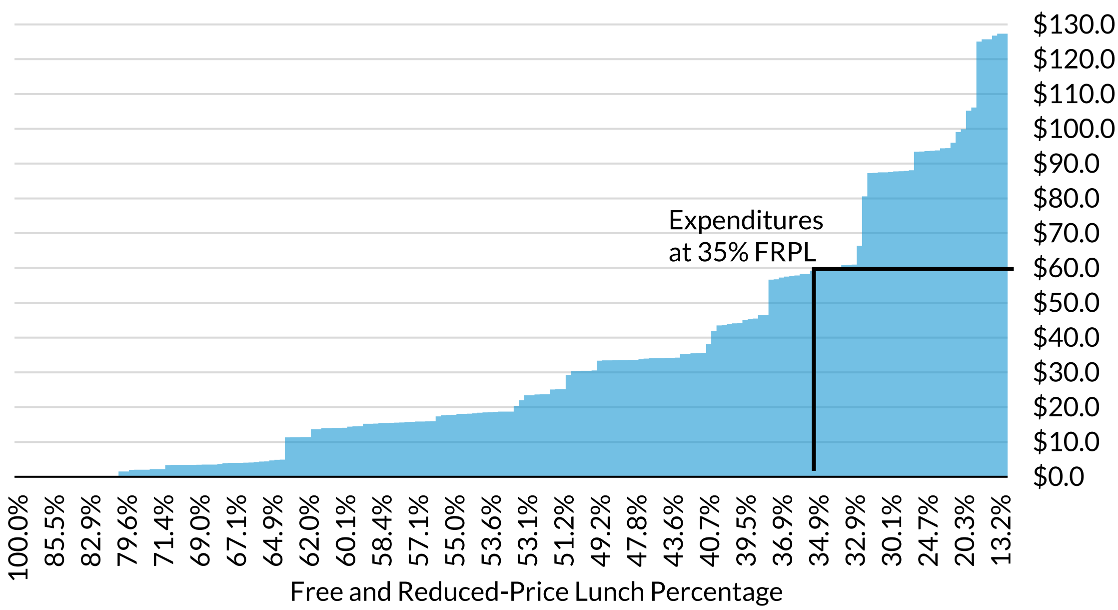


Source: Bright Fox Analytics.

FIGURE I.3

Cumulative Estimated State HSMA Expenditures by District FRPL, FY 2024–25 –Hard (20 percent Participation Growth)

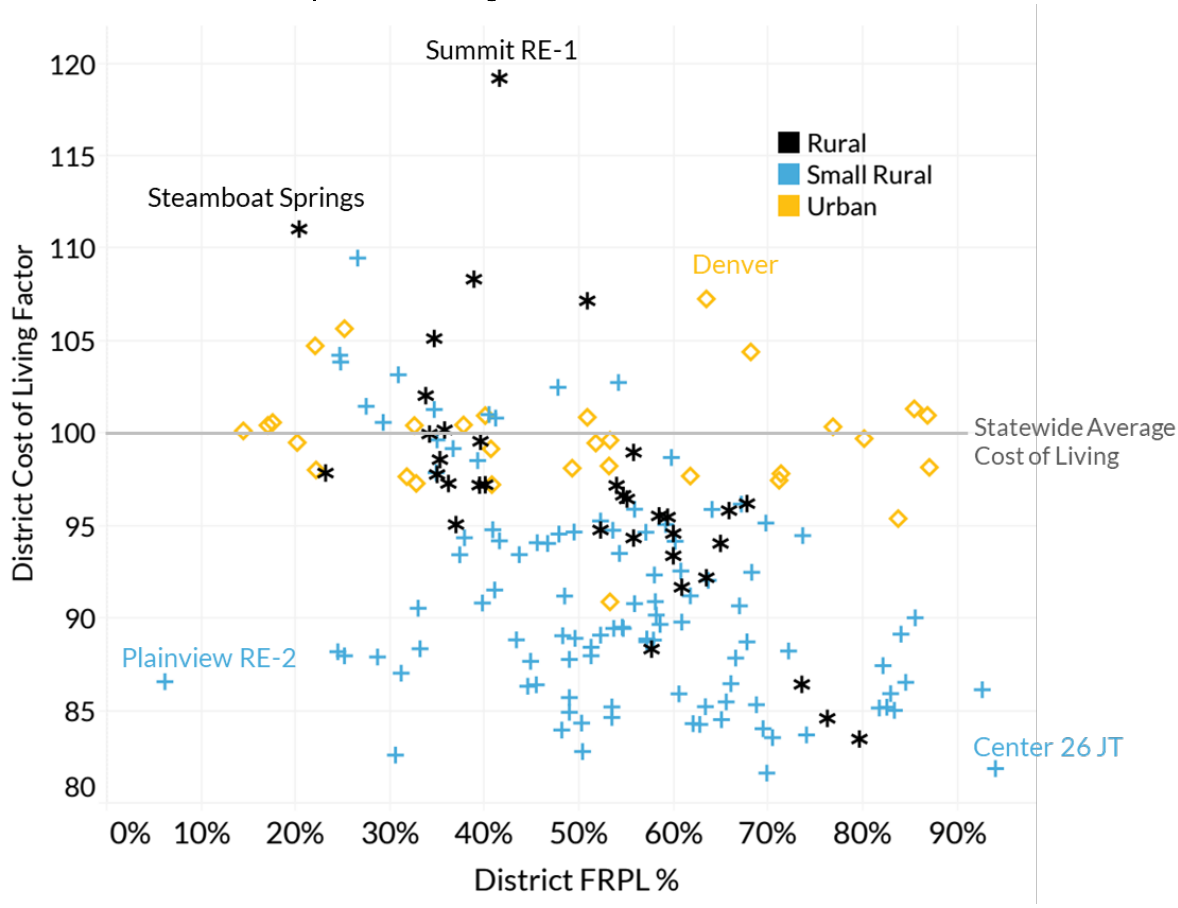
Dollars in Millions



Source: Bright Fox Analytics.

FIGURE I.4

Colorado School Districts by Cost-of-Living and Percent Free and Reduced-Price Lunch



Source: Bright Fox Analytics.

Appendix J. Public Feedback Phase 1 Analysis

Data Collection and Preparation

The primary data source for this research was a CSV file containing **445** responses in both English and Spanish to a public survey on Colorado's Healthy School Meals for All program. Each column in the dataset corresponded to different survey questions, and each row corresponded to an individual response.

AI Tools and Model Selection

To generate comprehensive summaries of the survey responses, we used extractive artificial intelligence (AI) tools, specifically leveraging open-source large language models (LLMs). The chosen model was Llama-3.2-3B-Instruct-Q8_0-GGUF, which we selected because it is optimized for multilingual use cases, information retrieval, and summarization tasks. The decision to use an open-source model was driven by the need for transparency, customization capabilities, and cost-effectiveness.

Confidentiality and Data Security

We loaded our chosen LLM locally using LM Studio, a desktop application for experimenting with LLMs. This approach ensured strict data privacy, as LM Studio does not collect data or monitor user actions. By using LM Studio, the study effectively upheld high data privacy standards.

Iterative Prompt Refinement

The analysis adopted an iterative approach to prompt engineering, refining the instructions provided to the LLM to enhance the quality and relevance of the summaries. This process involved multiple stages:

- **Initial prompting.** The first iteration involved broad prompts aimed at generating general summaries of the responses.
- **Focused summarization.** Recognizing the need for more targeted insights, we refined subsequent prompts to concentrate on specific aspects of the responses. For example, for the question "If additional revenue is not possible or in the case of an economic downturn, what would you want the state to do?", the prompt was adjusted to focus exclusively on the policy ideas respondents mentioned, enabling the LLM to extract and highlight relevant details pertaining to each proposed solution.
- **Summary of summaries.** After individually summarizing each response, a higher-level summary was generated to synthesize the collective insights. This "summary of summaries" approach provided an overarching view of the policy options discussed across all respondents, facilitating the identification of common themes and divergent viewpoints.
- **Custom questioning.** Beyond summarization, we posed custom questions to the LLM to delve deeper into particular areas of interest. For instance, in the aforementioned example, we asked the LLM to divide policy mentions into four categories: "Cost cutting," "Revenue Raising," "Operational/Programmatic Changes," and "Other."

Validation

To validate the LLM outputs, we requested specific citations from the responses for each summarized policy idea or theme. This enabled us to manually verify the summaries against the original data, effectively identifying and mitigating AI hallucinations. By cross-referencing these citations, we ensured that the model's summaries accurately reflected the respondents' actual input and maintained the integrity of the analysis.

Limitations

Although we did our best to mitigate known limitations to LLMs, we acknowledge the limitations inherent in using LLMs for analyzing and summarizing survey responses.

- **Contextual understanding.** LLMs may misinterpret nuanced or context-specific responses, leading to summaries that do not fully capture the intent or subtleties respondents expressed. For instance, sarcasm, humor, or culturally specific references might be overlooked or

misconstrued, potentially resulting in incomplete or inaccurate representations of the original data.

- **AI bias.** Inherent biases within the training data of the chosen models could influence the generated summaries. These biases might cause certain themes or perspectives to be overemphasized or underrepresented, inadvertently skewing the analysis. As a result, the summaries may reflect the model's predispositions rather than an objective interpretation of the survey responses.
- **Prompt dependence.** The quality and accuracy of the summaries are highly dependent on the specificity and refinement of the prompts we used. Vague or poorly structured prompts can lead to generic or irrelevant summaries, while well-crafted prompts can elicit detailed and pertinent information. This reliance on prompt engineering requires significant iterative effort to optimize, and any shortcomings in prompt design can directly affect the effectiveness of the analysis.

Conclusion

This methodology demonstrates a structured approach to using LLM prompting for survey analysis. By combining AI tools with iterative prompt engineering and confidentiality measures, the study effectively synthesized qualitative data, ensuring both efficiency and ethical integrity in the research process.

Appendix K. Ranges of Revenue Estimates

TABLE K.1
Revenue Estimates Provided by LCS and OSPB for HSMA Scenarios

Scenario	Fiscal year	OSPB revenue estimate	Notes specific to this estimate	LCS revenue estimate	Notes specific to this estimate
Easy	2024–25	$127.2M	Published Sept. 2024 forecast. TCJA does not expire until tax year (TY) 2026, so there is no difference for FY 2025.	$131.5M	Published Sept. 2024 forecast. TCJA does not expire until TY 2026, so there is no difference for FY 2025.
Medium	2024–25	$127.2M	Published Sept. 2024 forecast. TCJA does not expire until TY 2026, so there is no difference for FY 2025.	$131.5M	Published Sept. 2024 forecast. TCJA does not expire until TY 2026, so there is no difference for FY 2025.
Hard	2024–25	$125.3M	Assumes a recession occurs over 2026. There is some impact in FY 2024–25 from softening income in 2025 relative to our baseline forecast.	$110.5M	Assumes the economy is not receding in 2024. Any recessionary impact on FY 2025 HSMA revenue would be accrual-driven, if OSPB's June 2025 forecast anticipates a 2025 recession reducing cash-basis collections during 2026 for TY 2025 returns. Recession would affect HSMA revenue by (a) reducing the population of taxpayers required to make additions, by dropping those taxpayers' incomes below the threshold and/or (b) by reducing taxpayers' federal deductions (e.g., reducing charitable contributions) such that add-backs are smaller. Both effects are impossible to clearly anticipate without knowing more about the recession. This estimate assumes a 30% hit to cash-

					basis 2026 collections, with an accrual impact to FY25.
Easy	2025–26	$141.2M	With extension of TCJA, qualifying filers at $300k or above expected to increase leading to a revenue increase year-over-year from FY 2024–25.	$131.8M	LCS forecast omitting negative accrual adjustment anticipating reduced TY 2026 payments due to TCJA expiration.
Medium	2025–26	$119.8M	Published Sept. 2024 forecast assumes TCJA expires. TCJA expires TY 2026, so this impacts half the fiscal year (Jan.-June 2026)	$117.5M	Published Sept. 2024 forecast assumes TCJA expires.
Hard	2025–26	$108.6M	Assumes recessionary impacts largely beginning in 2026 and flowing into 2027, which basically results in a half-year accrued impact in this fiscal year as the second half of Calendar Year 2025 would not be as negatively impacted. Assumes a -1% drop in qualifying filers of $300k or above in TY 2025 and a -10% drop in TY 2026. The -10% drop in qualifying filers would be some combination of job loss and lost gross income, but this scenario targets the job loss at higher income earners (statewide job loss of -4.5% and -1.0% in 2009 and 2010, respectively versus a proxy of just below 10% for $300k and above here). Statewide personal income drops similar to the Great Recession.	$77.9M	See recessionary discussion above. Assumes a 30% reduction in cash-basis collections in both 2026 (for TY 2025) and 2027 (for TY2026).
Easy	2026–27	$153.8M	With an extension of TCJA, qualifying filers at $300k or above are expected to continue to increase leading to a revenue increase year-over-year from FY 2025-26	$135.5M	LCS forecast omitting negative cash adjustment for reduced TY 2026 payments (-$29.8M)
Medium	2026–27	$91.5M	This is our official September forecast estimate. TCJA expires TY 2026, so this fiscal year is the first one with the full impact of the expiration.	$86.6M	Published Sept. 2024 forecast assumes TCJA expires. Includes reduced revenue from TCJA expiration (-$29.8M) and negative accrual anticipating additional cash

					decrease in FY 2027-28 for TY 2027 payments (-$19.1M, OSPB estimate)
Hard	2026–27	$67.1M	This combines a full-year impact of TCJA expiration and a recessionary environment. Assumes a -10% drop in qualifying filers at $300k or above in TY 2026 from same assumptions as above with a small recovery of 3% growth in filers in TY 2027 following two consecutive years of reductions. TY 2027 qualifying followers similar to TY 2021 levels. Statewide personal income trends over these three years similar to the Great Recession path. On net, OSPB views the expiration of TCJA as a greater risk to this revenue stream than a recession. In the first full year of impacts, the expiration of TCJA results in a $62.3M revenue loss and recession adds another $24.4M loss.	$45.9M	See recessionary discussion above. Assumes a 30% reduction in cash-basis collections in both 2027 (for TY 2026) and 2028 (for TY 2027). Note that the “hard” scenario occurring in all three years is highly unlikely, even with a recession, since the economy won’t remain at the recessionary trough for three years. If a recession starts in early 2025, the FY 2026-27 collections amount would have recovered to some level about the FY 2026-27 “hard” scenario. If a recession begins in 2026, this amount could be realistic for FY 2026-27, but the amounts for earlier fiscal years would be above the “hard” scenario expectation shown for those years.

Source: Estimates provided by LCS and OSPB as of October 29, 2024.

Note: More information about the methodology used to create these estimates is available in the Revenue Estimates subsection of the Revenue and Expenditure Estimates section.

Notes

[1] The estimated $32.6 million for grant programs and staffing stipends was provided by CDE as of October 18, 2024. Approximately $18.7 million of that total is for the local food purchasing grant program, $5 million is for the technical assistant grant, and $9.0 million is for the school nutrition wages and stipends grant program. These estimates are based on several assumptions for school year 2025. Namely, the local food procurement and school staffing figures assume 100 percent participation of all HSMA eligible sponsors, and a 5 percent participation increase from school year 2023–24 lunches served; these estimates also include the $5,000 and $3,000 minimums based on current legislation.

[2] Stakeholders did not have the opportunity to consider this option directly, as it was raised after focus groups concluded. However, it aligns with their stated values and feedback related to other policy options.

[3] "2022 State Ballot Information Booklet," Colorado General Assembly, Accessed November 21, 2024

[4] HB22-1414, 72nd Gen. Assemb., Reg. Sess. (Colo. 2022).

[5] "Colorado Proposition FF, Reduce Income Tax Deduction Amounts to Fund School Meals Program Measure (2022)," Ballotpedia, accessed October 25, 2024,

[6] "2022 State Ballot Information Booklet," Colorado General Assembly, Accessed November 21, 2024 (pp.15-19)

[7] "The revenue generated is not subject to the state constitutional revenue limit. Of the total annual amount, an estimated at $3.7 million in budget year 2022-23, and $7.5 million in budget year 2023-24 will be deposited in the State Education Fund as a result of increasing Colorado taxable income."

[8] "Joint Budget Committee [June 20, 2024]" Audio recording, accessed November30, 2024. https://sg001-harmony.sliq.net/00327/Harmony/en/PowerBrowser/PowerBrowserV2/20240620/-1/16123#agenda_

[9] During the two years when Child Nutrition COVID-19 Waivers provided free meals to all students regardless of household income, Colorado saw a 20 percent average participation increase. See "Child Nutrition COVID-19 Waivers," US Department of Agriculture, Food and Nutrition Service, last updated November 8, 2023.

[10] "HB 22-1414 Final Fiscal Note," Legislative Council Staff, August 13, 2022 https://leg.colorado.gov/sites/default/files/documents/2022A/bills/fn/2022a_hb1414_f1.pdf

[11] As of September 15, 2023, all 183 eligible SFAs had opted in. In March 2024, when HSMA was extended to RCCI and facility school SFAs, 7 of the 11 additional SFAs opted in, totaling 190.

[12] "School Nutrition Data, CDE, Accessed November 11, 2024.

[13] HB24-1390, 74th Gen. Assemb., Reg Sess. (Colo. 2024).

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[16] "TABOR," Legislative Council Staff, accessed November 18, 2024

[17] Jake Fisher, "State Tax Limitations Inhibit Public School Funding and Educational Equity," *TaxVox* (blog), Urban-Brookings Tax Policy Center, August 19, 2021

[18] For amounts over the forecast limit, those dollars must be refunded. See the Retention measure section below for more detail.

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[20] "Publication 505 (2024), Tax Withholding and Estimate Tax," Internal Revenue Service, last updated September 9, 2024, https://www.irs.gov/publications/p505.

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[23] SB24-233, 74th Gen. Assemb., Reg. Sess. (Colo 2024); and HB24B-1001, 74th Gen. Assemb., Reg. Sess. (Colo 2024).

[24] Anna Gerstle (principal fiscal analyst), "Financing Public Schools for FY 2024–25," memorandum to interested persons, September 27, 2024, https://leg.colorado.gov/sites/default/files/r24-645_financing_public_schools_memo_update_2331001_final.pdf.

[25] HB24-1448, 74th Gen. Assemb., Reg. Sess. (Colo 2024).

[26] Anna Gerstle (principal fiscal analyst), "Financing Public Schools for FY 2024–25," memorandum to interested persons, September 27, 2024, https://leg.colorado.gov/sites/default/files/r24-645_financing_public_schools_memo_update_2331001_final.pdf

[27] Anna Gerstle (principal fiscal analyst), "New School Finance Formula in a House Bill 24-1448," memorandum to interested persons, October 21, 2024, https://leg.colorado.gov/sites/default/files/final_hb24-1448_formula_overview_memo.pdf.

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[30] "Public Health Emergency Planning," Colorado Department of Health Care Policy and Financing, accessed November 18, 2024, https://hcpf.colorado.gov/covid-19-phe-planning.

[31] Nationwide Waiver to Allow the Seamless Summer Option through 2021-22, U.S. Department of Agriculture Food and Nutrition Service (2021) https://www.fns.usda.gov/cn/covid-19-child-nutrition-response-85

[32] HB22-1414, 72nd Gen. Assemb., Reg. Sess. (Colo. 2022); LCS (Legislative Council Staff). n.d. *Proposition FF: Healthy School Meals for All*. Denver: LCS.

[33] HB24-1390, 74th Gen. Assemb., Reg. Sess. (Colo. 2024).

[34] "USDA Foods: A Resource for Maximizing Food Budgets to Buy Local," US Department of Agriculture, Food and Nutrition Service, last updated June 24, 2024, https://www.fns.usda.gov/f2s/usda-foods.

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[50] HB24-1390, 74th Gen. Assemb., Reg Sess. (Colo. 2024).

[51] This sentiment is shared widely, but "local" might be a broad term, as several states allow large areas to be defined as local, such as the whole state or any place within 500 miles. For the purposes of state legislatures, the statewide impact may be sufficient.

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[63] Amanda Bickel (JBC staff), "Department of Education—Healthy School Meals for All—Additional Cost Containment Measures," memorandum to members of the Joint Budget Committee, March 18, 2024, https://leg.colorado.gov/sites/default/files/edu_hsma-03-18-24.pdf.

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[65] "Individual Income Tax," Colorado General Assembly, Legislative Council Staff, accessed November 13, 2024, https://leg.colorado.gov/agencies/legislative-council-staff/individual-income-tax%C2%A0.

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[97] The estimated cost reductions and revenue raising amounts presented in phase 2 were current at the time but have since been updated with more recent and applicable data.

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